भारतीय बीमा संस्थान
INSURANCE INSTITUTE OF INDIA

THE JOURNAL
of Insurance Institute of India

Published on 15th February, 2018

VOLUME NO. V ■ ISSUE NO. III MUMBAI JANUARY-MARCH - 2018

Service Excellence In Insurance

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The Journal
of Insurance Institute of India

Established in 1974
Volume XXXVV

January-March 2018

Printed and Published by
P. VENUGOPAL on behalf of INSURANCE INSTITUTE OF INDIA, Printed at SAP PRINT SOLUTIONS PVT. LTD., 28, Laxmi Industrial Estate, S.N. Path, Lower Parel, Mumbai - 400 013 and Published from INSURANCE INSTITUTE OF INDIA, Plot No. C-46, G Block, Near American Consulate, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
Editor : **Arindam Mukherjee**

Editorial Support, Design and Printing by
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EDITORIAL

Information Technology and Communication coupled with the ubiquity of social media has completely transformed the external environment of insurance. On the one hand it creates possibilities for insurers to deep dive into their customer environment and be a part of their experience in multiple ways. On the other hand, customers who are today empowered by all the forces of their disposal, have become extremely demanding about how they look at customer value.

The concept of service has been considerably changed. A new term **'Servitaization'** is used increasingly today to describe the tendency of the firms to offer a fuller value proposition that combines products, services, support systems, self service, knowledge and more. More and more companies are today focused less on providing products and more on creating eco systems which enable customers to not only address their needs but also have a great experience.

In this issue we invite you to look at service in a much larger sense and explore the new frontiers that are opening up. It would of course mean a lot of unlearning - cleaning up the cobwebs that have covered our minds in the insurance industry for the last two centuries. We feel it may be worthwhile.

The next issue i.e. April – June 2018 issue is on open theme. Articles on any topic on insurance or allied areas are invited. The articles should reach us on or before 28th February, 2018.

The July – September 2018 issue shall be on **'Insurance: Learning from Global Best Practices'.** The articles should reach us on or before 31st May, 2018.

Turbocharging Growth of Insurance Business through Service Excellence: Going Beyond what Regulation Demands

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Abstract

In a world that is increasingly dominated by technology, sustaining a business has become more challenging than before. Insurance business is no exception. Being a service industry, insurance has to constantly strive to raise the bar and deliver service that is way beyond customer expectations. Services are not only process-dependent but also people-dependent. The role of employees who face customers at the front end, in ensuring a satisfactory service experience for the customer has become important. Service excellence has therefore become a differentiator in a market where online and traditional modes of service delivery compete for both market share and mind share. With the risks of services becoming commoditized, service excellence is the only means to grow the business in an insurance market that resembles a red ocean characterized by intense competition between public sector and private sector. This essay talks about why service excellence is so crucial for the insurance business and also discusses the various business excellence models from which the insurance industry can get inspired to excel in service delivery.

Keywords: Service excellence, insurance, regulation, Kano model, customer focus, Net promoter score, sustainability

Introduction

Service excellence is the process of consistently communicating to every customer – whether internal or external – that they are valued and that their satisfaction is paramount to an organization. Consistent service excellence can lead to competitive advantage for an insurance firm. Customers are well informed, more techno-savvy, less loyal and more demanding. In a buyer's market, the customer has a wide choice of insurance covers to choose from. Clients expect that service standards are not only best but also maintained by the firm. The customer experience management principle has superseded that of customer relationship management.

Exceptional client service is about going beyond what is expected by the customer. A delighted customer will give positive word of mouth referrals about his experience with the insurance company. Service excellence is a result of emotional connection with customers. Often it has been found that emotion takes over rationale when it comes to purchasing decisions. This behavior of consumers must be effectively leveraged by the insurance industry. In a market characterized by intense rivalry between players, service is going to be the key differentiator.

Service excellence is not the forte of the sales or marketing functions. Back end functions in insurance must complement the front line sales force. So, unless service excellence is underscored as an essential component of strategic management, insurance firms will find it difficult to sustain in the long run. Employees need to be trained, engaged and empowered so that they understand the meaning of delivering a service that moves beyond what the customer expects. Insurers often feel that they are bound by the dictates of the regulator - IRDA. However in their own interest it will be prudent if they can think beyond regulatory norms and have a clear strategy in place to meet the requirements of customers.

Every organisation across the globe is now realizing the value of having a strategic management process in place. So, it is high time the insurance sector uses strategic management to grow the business. Way back in the 80's, Michael Porter spoke about the five forces model that shaped competition in the market. These five forces are – bargaining power of buyers, bargaining power of suppliers and intense rivalry between existing players in the market, threat of new entrants and threat of substitutes. Customers are spoilt for choice today as insurance can even be bought online and customers can compare the prices of covers from different insurers. Insurance agents are being wooed by both national insurers and private insurance companies. The insurance market resembles a red ocean where sharks fight with one another and there is a bloody battle. After dismantling of the TAC, price undercutting has become a common feature of insurance markets. For an insurance firm to succeed in the long run, it has to work towards creating an uncontested market space – something that resembles a blue ocean. There is an urgent need to develop innovative service propositions that can add immense value to customers.

Review of Literature

Service organisations can learn about excellence from their manufacturing counterparts. In their book – 'The Toyota Way to Service Excellence' (2017), Ross and Liker show that service organisations can adopt the lean approach to reduce waste and gain value. The authors demonstrate the development of a lean model that can lead to superior quality of service. Through the adoption of lean model, the company can increase productivity, reduce costs, increase profits and boost employee morale. Lean implementation in services can lead to service excellence and customer satisfaction.

The interesting aspect of services is that it is possible for an insurance firm to benchmark its services against services of a successful service provider – though the latter may not necessarily be part of the insurance ecosystem. Best quality practices that deliver customer value can always be imbibed.

In a study to understand diners' behavior, Chen etc al (2017) talk about creating customer segments based on customer participation in hospitality service encounters. The identified customer segments can be profiled in terms of demographics, attitudes and behaviors. The next step is to evaluate the relationship between customer participation segments and service outcomes. The results revealed that the level of customer participation is related to service outcomes. Thus, service providers can use customer participation segments to understand customers' service needs and wants. The service strategies can then be appropriately designed to meet the needs of target customer groups. The insurance sector can explore such possibilities.

Word-of-mouth publicity is always considered a good promotional tool to market a firm's products and services. The customers' interactions with each other can also affect service quality outcomes. These interactions can be characterized along two dimensions – design of service operations and delivery. The positive effects of customer to customer interactions can be leveraged to reduce costs, add value and deliver a unique service proposition (Moura & Amorim, 2017). Use of existing customers to act as de-facto brand ambassadors to propagate the benefits of insurance products and services is not a bad idea at all.

People aspects play an important role in service excellence. Softer dimensions of quality management are essential too (Escrig et al, 2015). Psychological contracts can shape organizational identification and influencing service-oriented behaviors of frontline employees. Employees are influenced both by their co-workers and supervisors (Lu et al, 2016). Frontline employees in insurance like advisors, brokers, agents, surveyors, development officers and other customer facing staff must be trained well so that they can demonstrate exemplary behavior.

There are a plethora of service excellence models. These models of service excellence are still being developed despite the fact that service excellence is being recognized as a critical factor for success of business. Absence of a comprehensive approach to systematic implementation and management of service excellence models is a cause of concern. There is a need for an integrated approach to develop an overarching system for service excellence that can invariably lead to customer delight (Asif, 2015). Such models need to be customized to suit the sensibilities of the insured.

Innovation has the greatest impact on service excellence as far as customers are concerned (Sekhon et al, 2015). So, insurance firms have to brainstorm innovative methods to capture customer attention, lure them into buying insurance covers and match that with impeccable service.

Dealing with Customer Expectations

A survey of more than 500 high net worth individuals across the UK, Ireland and France was conducted. The objective was to gauge their feedback about the level of service that they received from their insurance provider and to obtain their suggestions about whether the industry could do better. These individuals felt that their insurance provider gave them a personalized service. The survey also revealed that these individuals purchased personal insurance cover using a comparison website. 60% high net worth individuals look for an insurance service provider who has a strong reputation for handling and settling claims within a reasonable time frame.

It is imperative that insurance firms in India take regular feedback from customers to understand their expectations better. The insurance sector must expand its market segmentation by including college students (students nowadays ride a vehicle and must therefore buy motor insurance cover). The industry must also include the poorest of the poor (the bottom of the pyramid segment) as part of "inclusive" insurance. This will support Prime Minister Narendra Modi's vision of "financial inclusion" as part of developmental agenda. In fact, micro insurance segment itself can be split into two – one for the poor and the other for the marginalized and underprivileged communities in India. IRDA can also request corporates to join hands with the insurance community as part of corporate social responsibility and trigger an "insurance" revolution in India. But all these efforts will need a clear understanding of customer expectations.

Role of People in Insurance Services

The American National Insurance Company believes that agents need to be supported and mobile technologies can at best be a great value addition. People skills and their role in value creation for customers should never be underestimated. Some insurers are enabling brokers to work with tablets to service customers better. If customers are assisted by employees who possess high degree of knowledge coupled with superlative interpersonal skills it increases the chances of making a sale. Whether it is brokers or agents – if they have a sophisticated web portal technology to service customers better, it leads to better decision making and ensures growth of business. Thus service excellence means walking along with the customer to create an experience of an exemplary service.

Likeonomics

People do business with people they like. This is the basic principle of **"Likeonomics".** Businesses tend to believe that delivering exceptional service will cost them too much in staff time, training or developing service standards and procedures. These organisations lose customers when they start cutting costs under the garb of operational efficiency. Employees need to be recognized and rewarded failing which employee turnover may rise. Training employees in delivering excellent service must be considered as an investment for future growth of business.

Some people and companies are more believable than others. Likeability is the secret to being more trusted and getting more customers. Businesses need to know how to build and develop deeper and more trusted personal relationships. The concept of likeonomics was put forward by Professor Rohit Bhargava of Georgetown

University. He uncovers five principles of the TRUST formula – Truth, Relevance, Unselfishness, Simplicity and Timing. The principles of Likeonomics are relevant for the insurance sector as well.

Consequences of Poor Service

Poor service can be costly to an insurance firm. Undoing the damage done can be a costly affair. Negative customer experiences reduce revenue and drive up costs. The credibility of the firm suffers and market reputation dips. A client who is dissatisfied is more likely to spread the word about poor service experience than a satisfied client. It is not uncommon to find unhappy clients take to social media platforms to broadcast their disillusionment with services. Even a small thing like returning a phone call or providing information or simply getting to know the customer better can make a large difference in terms of enhancing the satisfaction levels of clients. Leaders have to communicate to employees the need for customer focus. Employees must be told that by delivering excellent service, the resulting personal satisfaction can make one feel valued.

Responsiveness to customers, listening to customers, fulfilling the promises and having cutting edge knowledge in the field will build bridges with discerning customers today. Insurance advisors must take good care of their client. Developing long lasting personal relationships with customers is very important for sustainability of business.

The Six Principles of Service Excellence

http://www.psbydesign.com/the-six-principles-model/

Principle 1 – Vision & Mission	World class organizations that sustain a culture of service excellence have a sound vision and mission.
Principle 2 – Business Objectives	Simple, quantifiable organizational goals are essential; these need to be socialized with employees
Principle 3 – Service Standards	Employees need clarity on actions and behaviors that can drive service excellence and create customer loyalty; communication of standards of excellence to employees is vital.
Principle 4 – Intervention and Learning strategy	There is a need for systems and processes to ensure that service philosophy is interwoven into every aspect of the organizational culture. Service philosophy has to be integrated in each and every aspect of the recruitment and selection process.
Principle 5 – Organizational alignment	The service philosophy has to be constantly reinforced. Leaders must be accountable for discussing the organizational vision, mission, business objectives and service standards.
Principle 6 – Measurement & Leadership accountability	Use of simple scorecards can help employees keep track of the organization's success or failure in driving excellence.

Commitment of the top management is essential for driving the service excellence agenda. These principles of service excellence are more than just a business model. The customer experience needs to be elevated from average to extraordinary. This can eventually lead to a service organisation achieve and sustain a work environment that can drive superior employee performance and service excellence.

Customer Service & Service Excellence

The role of customer service in growing a business and sustaining it can never be ignored. Customer service excellence is no longer an option. In the era of globalisation, culturally sensitive approaches to customer service are essential. Essential strategies for customer service excellence need to be identified.

> Poor service can be costly to an insurance firm. Undoing the damage done can be a costly affair. Negative customer experiences reduce revenue and drive up costs. The credibility of the firm suffers and market reputation dips. A client who is dissatisfied is more likely to spread the word about poor service experience than a satisfied client. It is not uncommon to find unhappy clients take to social media platforms to broadcast their disillusionment with services.

Engaging new customers is critical for insurance – it is not about selling more to existing customers but diversifying into new markets and convincing new buyers and segments to become insurance clients. The best way to engage Gen Y customers is through mobile and digital technologies.

Enhancing customer experience through service excellence can ensure competitive advantage for insurance business. This will increase market share and profitability and reduce costs. The convergence of social, mobile, digital and analytics will provide new ways of interacting with new buyers. Despite these technological advances, client-facing persons be it the insurance agent, broker or call center employee who directly interact with the customer, can make or break a current or future sale.

the channels are ably supported by productive employees.

Insured who is seeking a cover will primarily expect that the quality of service is outstanding and that service is delivered in a time bound fashion. Accurate information must be available and accessible. Staff needs to demonstrate high standards of professional excellence.

Steps for Achieving Service Excellence

The essential elements in service excellence can be classified as positioning, proficiency, partners and process. The role of service in the insurance company's positioning and competitive differentiation needs to be understood. Service excellence has to be an integral part of an organisation's

Customer Service	Service Excellence
Meeting expectations	Exceeding expectations
Compliance with needs	Compliance and anticipation
Meeting standards	Exceeding standards
Warm and friendly	Accommodating and Flexible
Competent/ Knowledgeable	Subject matter expert
Focus on function	Focus on purpose
Customer satisfaction	Customer Loyalty

One of the fundamental philosophies of TQM is doing things right the first time. The insurance industry must absorb this tenet in all earnestness. This will enhance productivity and drive cost savings. Dealing with customer complaints effectively and efficiently is the main requirement to drive service excellence. But this alone is not enough to earn loyal customers. Delivering outstanding service consistently at all times is vital. Employees must be skilled and highly engaged. It needs to be reiterated that digital channels may be unsuccessful in demonstration of empathy towards customers unless

strategy. Mystery shopping is a technique in service marketing whereby an organisation shops for its own services by using in-house teams or trusted third party consultants. These people pose as buyers and seek service from the business.

The insurers can appoint trusted teams to pose as customers and seek the services of an insurance agent or a broker or a development officer. This will help the insurance firm to assess its proficiency in terms of speed, quality, consistency and continuity of service across various interaction channels like online, social media and phone. The insurance firm must treat agents and brokers and external stakeholders like marketing and sales head of institutions as partners in progress. Customer service must not begin only after sale – it should commence even before the sale. Every purchase of an insurance policy must be a moment of truth for the policyholder.

Optimizing the way a customer service query is routed and processed is crucial to service excellence. Gaps in service quality delivery need to be identified so that corrective actions can be taken.

The different ways in which service excellence can be achieved are enumerated below:

- Focus on customer
- Training frontline employees who have regular interactions with customers
- Updating policies and procedures
- Ensuring that controls are in place
- Continuous assessment of business practices
- Explore additional tools and techniques to deliver continued service excellence

Service Excellence Models

The EFQM excellence model provides a framework that encourages cooperation, collaboration and innovation. This model provides a holistic view of the organisation. It tells us how the different tools can complement each other. The model can thus be used to deliver sustainable excellence. Service excellence is all about exceeding the expectations of customers. Using the EFQM model people can understand the cause and effect relationships between what their organisation does and the results achieved.

Net Promoter Score

This score is a customer loyalty metric that can be used to gauge the loyalty of a firm's customer relationships. The UK Customer Satisfaction Index (UKCSI) highlighted that the insurance sector in the UK has enjoyed an increase in overall customer satisfaction over the past year. But there is a drop in Net Promoter Score. This means that it is becoming difficult for insurance organisations to earn customer advocacy. The Net Promoter score is an index that measures the willingness of customers to recommend a company's products or services to others. It is a proxy for gauging the customer's overall satisfaction with a company's product or service and customer's loyalty to the brand. If customers have a hard time in getting their problems resolved by the insurer it could have a deleterious impact on customer satisfaction.

Source: https://www.checkmarket.com/blog/net-promoter-score/

The Kano Model can help any team or organization get a better understanding of customer requirements and their impact on customer satisfaction. The Kano model of product development and customer satisfaction was published in 1984 by Dr Noriaki Kano, professor of quality management at the Tokyo University of Science. According to Kano, a product or service is about much more than just functionality. Consumer emotions are important. The model encourages a firm to think about how products relate to customer's needs. Rather than constantly introduce new features to a product, it will be better to add one attractive feature that could delight customers and increase sales.

> The Net Promoter Score is an index that measures the willingness of customers to recommend a company's products or services to others.

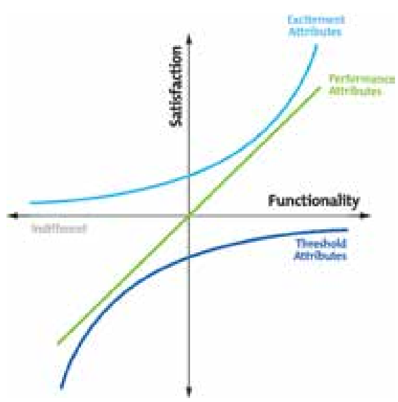

Fig: Kano Model [https://www.mindtools.com/pages/article/newCT_97.htm]

https://www.slideshare.net/oeconsulting/service-excellence-models-by-operational-excellence-consulting

In Kaufman's service excellence model, there are 6 steps. Criminal service is something that violates even minimum expectations of customers. Basic service is disappointing that can frustrate customers. Expected service is an average service that just about satisfies customers. Desired service is what customers hope for and prefer. Surprising service is something that is special like an unexpected gift. The service more than meets their expectations.

Brainstorming Exercise

To know the views of younger generation about service excellence in insurance, a brainstorming session was conducted among post graduate students of management. The sample size was 60. The views that emerged from the session are as below.

1. Insurance premium pricing must be competitive.
2. Less paper work and faster processing of claims
3. The government can create an app so that pricing strategies of different insurers is known to the insured public.
4. Insurers must provide subsidized health insurance cover for the needy
5. Introduction of wide variety of policies (different types of covers including cyber insurance cover) and innovative value propositions
6. Use social media marketing to popularize insurance schemes
7. Transparent clauses in policy contracts
8. A feedback mechanism that is used for continuous improvement in services
9. Equated monthly instalments for paying insurance premium
10. Strategic alliances between insurers and educational institutions and universities
11. Loyalty bonuses in motor insurance
12. Service quality assurance
13. Monthly insurance plan for education and hospitality sector (₹ 10 as premium) (this should be made mandatory)
14. Positioning aimed at increasing mind share
15. Mobile apps for greater customer engagement
16. Compulsory life insurance for all
17. Premium payback after every 5 years
18. Include calamitous events as part of insurance covers
19. An insurance cess by government that can help crop insurance / micro insurance

Conclusion

Customer service is a critical differentiator for businesses. The ability to have effective customer interactions can lead to distinctive competence. Service excellence is closely linked to customer loyalty. It is not a good idea to cut corners when it comes to delivering impeccable service quality. Today's internet savvy customer will not leave any stone unturned to bash up an egregious service experience.

It is a system of processes that leads to great service as exceptional service. The service DNA consists of values and capabilities that lead the frontline workers to be so motivated as to raise above the call of duty and deliver superior service to customers.

Companies with a service DNA must ensure that customer needs are part of everyday decision making. Well-orchestrated service processes are crucial for success. But a service DNA that consists of customer-focused values is more important. Customer defection happens because they are not properly treated and often they do not feel valued enough. Insurance organisations must walk the talk when it comes to rendering service of exceptional quality. The company strategy must ensure that structure and processes in the organisation match the needs of the customers. This will lead to a seamless customer experience. Policies and metrics must be aligned with customer needs. A service DNA requires a commitment to generating and sharing consumer insights to improve customer service excellence over time.

The brainstorming session with students gave a clear idea of what the younger generation expects from insurance industry. Service organisations like insurance must use strategic management to drive service excellence so that existing customers can be retained and new customers can be acquired. The different business excellence models give an idea of what service excellence entails but what is needed is an integrated framework that can suit the needs of the insurance sector better.

Today the customer is aware about his rights. Customers cannot be taken for a ride. There is an emerging school of thought that can be a real threat to the insurance sector. This pertains to the idea of "self-insurance" which companies like British Petroleum promoted and eulogized many years ago. If policyholders do not get good service from insurers, then they may as well create their own reserve and build the reserve to meet their future requirements. If this idea gains ground it might be inimical to the prospects of the insurance sector in the long run. This is all the more reason service excellence has to become part of the DNA of every insurance organisation.

The truth is that there can never be any substitute for service excellence. TJ

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Technology: A Game Changer for Insurance Industry

Aegis was a magical protective cloak, made from the goat skin that had suckled Zeus as an infant. It is a brilliant metaphor for shield or protection, the one which is sought against perils and be protected from menace.

Since aeon of human history, the kindred who lived in groups relied on the kin relatedness as their only palisade against the wrath of nature, unknown diseases, injuries and famine. As we proceeded to later stages of development, the dawn of agrarian revolution made it possible to curb the dearth of food and its storage. The barter system and later with instigation of pecuniary measures, enabled monetary gains and creation of social structures at various levels including merchants, labourers, blacksmiths, goldsmiths, sailors etc. With the advent of the mercantile generation, the focus was amicably shifted from the collective approach to individual approach.

Individuals in due course began to realize the importance of mitigation of risks either associated with an asset they possess or their own existence. Since the risk associated with each person cannot be freely exchanged or replaced, people with exposure to risks of the same kind, naturally, formed groups to assess those risks, evaluate and price them and eventually pay a quantum to transfer them.

The early risk instruments with circa 2250 BC when the Babylonians developed a loan instrument for the marine business, the innovation in terms of policies, terms and conditions spread through other countries. Eventually, England adopted the practice of protecting the merchants and ship owners by insuring their voyages. Corresponding to that the underwriters would meet at Lloyd's coffee house wherein each of them would write their name and the amount

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of risk he was assuming underneath the insurance proposal. This gave birth to the term "underwriting" which is today associated so closely with the Lloyd's.

In modern world, the prolificity of insurance, contributes to overall growth and advance of the financial sector of each country. At the grassroot level, the industry has helped to strengthen the robustness of the economy by facilitating the transfer of risk. Every sector in the global economy has been touched by technology now. The world has crunched into palms of every individual who has access to internet, smart phones and tablets. The data procured each day is closed to 20 zettabytes per day and shall be close to 44 zeta bytes by the end pf 2020. To give a close perspective, one zettabyte is equivalent to 44 trillion gigabytes. The data produced each day is a combination of text, images, videos, GIFs, live streaming which comprises of the digital technology.

Digital technology is the advancement which led to the spur of transformation in the insurance industry including cloud computing, advanced analytics, mobile phones, web applications, digital platforms and artificial intelligence. This emergence from the fundamental technology, will help the insurers in studying the preference patterns and engaging the existing and potential customers with lowered costs, increased efficiency and expanded insurability.

Prudent understanding of the technology available, the expectations of the consumer market, transparency of regulation, coherent services and personalized experience should define the insurance products and accordingly the services shall be rendered. Digital technology is enabling insurance companies to enhance the customer experience at a broader sense. These technologies are also enabling the insurers to come up with a robust business model to discover the challenges and opportunities to increase the insurance penetration by focusing on the market trend to meet the demands.

The Paradigm Shifts

Until recently India had a low insurance penetration market in rural areas. However, with the introduction of smart phones and internet at affordable rates and major shifts in client demographics, access to web applications which created financial transactions awareness, the insurance widespread has evolved radically. There has been a smooth transition from the agent driven market to the digitally driven market.

Technology has been the game changer in the very terms of transforming the nature of risk which is regarded as the core element of insurance sector by enabling avant-garde methods of creating, capturing and analyzing data important to insurance companies. Today, gaining customer insights have becomes favorable as interaction with customers has become possible effortlessly. The growing prevalence of mobile phones provide new methods to communicate with customers and provide undisrupted services at all hours encouraging brand allegiance.

Technologies Available Today and Future Implementations Suggested to Increase Insurance Penetration

Big Data and Cloud Computing

The digital data glob is doubling in size every alternate year. This gigantic growth is attributed by various factors including cheap solutions for data storage, higher storage capacity, easier data processing solutions, a substantial rise in the computing power (from 1956 to 2015, there has been 1 trillion-fold increase in performance), reduction of cost, optimization of resources, omnipresence of internet and proliferation of smart gadgets. Insurers are increasingly relying on the business models and advance analytical tools to study to leverage the surge in data and curtail the number of unknown risks, reduce the threats, mitigate the peril, study the historical patterns, decrease the underwriting risk, offer affordable premium, expand insurability which shall lead to delivery of significantly accepted insurance products.

Access to Real Time Data

Real time data is often based on preliminary estimates and there is

Prudent understanding of the technology available, the expectations of the consumer market, transparency of regulation, coherent services and personalized experience should define the insurance products and accordingly the services shall be rendered. Digital technology is enabling insurance companies to enhance the customer experience at a broader sense.

no delay in the timeliness of the information provided. The data pertaining to insureds shall be available immediately to insurance companies and help them to provide better services. Also, insurers can make available any vital information or alert to insureds via real time mobile technology to avert them of any unpleasant instance. For example, any storm which is slated to occur or timely alerts for premium payment to avoid disruption of policy continuity. This results in fewer claim occurrences and in turn contributes to increased customer satisfaction. Real time data access shall help actuaries build robust data assessment model which shall be able to price an insurance product at more basic level and offer effectual coverage at optimized premium. In future, real time data could also provide the current location of an insurer enabling the insurance companies to pitch for certain insurance coverages like travel, baggage, household, burglary, health etc.

Social Media

Social media these days have become a powerful tool to reach out to masses. This in turn has also given rise to social marketing and brand building. Interestingly, social media could also be used as an effective platform to curb fraudulent claims. Max Drucker, CEO and President of Social Intelligence Corp., cited an example wherein a worker's compensation insurance company used the platform of social media to discover an illicit claim. A warehouse worker who claimed to have an injured arm also played guitar in a bar band. After coming across an advertisement for his performance show on a social media site, the insurer sent an investigator to further probe the matter. The photograph took at the concert was an undisputable proof and on that grounds, the claim was declined. The insurance companies could also get to know the social habits of the insured in case anyone has hid any information in the policy. At a positive note, social media shall serve as an excellent distribution channel and almost every millennial is tech savvy and liberal towards it.

Internet and Evolving Data Sources

The rate of data transmission is available at unprecedented speed and as time shall pass, the cost of producing ultra-high-speed network shall decrease considerably. The data sources available now and in future could be anything from cosmic satellite to home security system, from health monitoring units to automobile manufacturing factories, from GPS (Global Positioning System) to government databases. The wide ambit of the information type, demands that robust information systems shall be available which shall help to fetch data in an astute pattern for further analysis and decision making. To fetch the data and make it available to end users the internet should be of high speed without any connectivity issues as billions of users are getting to the internet on daily basis. This trend shall continue at an increasing speed and apprehend various classes of business globally.

Sensors, Wearables and Telematics

Sensors which are present in home, offices, automobiles, manufacturing units which help to reduce the incidences of accidents by alerting people. Insurance companies could use the data collated from these sensors to send alert messages to insureds. These days smart phones are aligned with these sensors to control the operation of the devices on which they are fit. For example, the software downloaded in the smart phone can help to control the temperature at a furnacing unit, averting the risk of a possible fire breakout. Sensors at home enable the homes to be known as smart phones. A camera fitted on the door can be monitored through smart phone enabling the users to have a view at the visitors. This shall definitely help to curb the possible house breaking incidents. Biometrics and retina scanners have evolved to identify each person and thus help in maintaining a centralized record of each person in a country. Certain wearables like Fitbit; provide the insurance companies with information pertaining to the health of its clients. The constant tracking of calories intake, miles walked, water consumed, heart rate, pulse rate etc. help the users to monitor their health. This results in a better and healthy life and contributes to lesser health insurance related claims thus increasing customer reliability. Token, a biometric identity ring that streamlines the process of payment authentication has officially launched. "**Swiss startup Biowatch SA** has invented the world's first fully functioning prototype for a wearable device secured by wrist vein patterns that can be used for payments, access control, ticketing, ID management, environment personalization and more". **University of Surrey** has developed three blockchain initiatives which shall be focused on health care, voting and digital archives that will store and analyze wearable biometric data, according to a report by V3. Insurance companies can come up with health web applications which shall be developed keeping in view the risk profiling of an individual and constantly monitor the life style of the insured. It shall provide alerts to enable the insured to be cautious within time as it shall capture data like daily calorie intake, workout done etc. against ideal parametric values. Telematics can give an altogether different dimension to motor insurance by securing and providing real time data related to driving habits, the speed at which the car is driven, the history of accidents, any offenses if done by the insureds. The technology of telematics could also provide alerts to the drivers informing them of any hurdles or mishaps if shall be encountered ahead. The technology of telematics could also be utilized to capture real time data of the driver if met with an accident by providing instant medical help as it shall capture the coordinates of the location of the car and give information of the driver as age, gender, any prior medical history which shall help the paramedics to decide the course of medical treatment.

Custom Made Web Applications by Insurance Companies

The insurance products available with the insurance companies can be accessed at one single touch point by the users. This help to create a customer database and study the preference patterns of the users by analyzing the products searched by an existing / potential customer. Today, with a single swipe on the screen of a smart phone, an insured can buy a policy. Facilities like net banking helps to transfer the premium amount instantly and policy could incept from the very single day. The web applications are designed in such a way

that they are user friendly and could be easily accessed even by the consumers who are less tech savvy. Insurers are realizing the importance of the growing trend of the smart phones, faster data connectivity and taking advantage of the emerging technology to tap in the growth potential.

Technology of the Future: Automation due to Artificial Intelligence (AI)

AI shall be utilized to exhibit cognitive behavior by computers for decision making and problem solving. AI will enable insurance firms to do optimized pricing, better decision making on underwriting risks, highly proficient study of archaic data to understand the demographics better and study the claims / loss history, efficient business planning and marketing by adopting approaches of statistical methods, computation intelligence and traditional symbolic AI. AI technology in future will also help to study and predict weather forecasts more accurately as the wrath of nature and its unpredictability is something humans have not been able to gauge perfectly till date. The research is ongoing on making the machines more "human-like" for better knowledge representation, default reasoning and qualification problem. With cognitive efficiency, the insures shall be able to gain insights into each clients' needs thus contributing to fasters customer responses and increasing the processing capacity.

Technology Implications on Regulatory Framework

Regulators around the world wherein there is profound use of technology in the insurance sector should come up with robust and resilient regulations to monitor insurance companies and insureds. Regulatory implications should influence on the extent of data availability and storage so that there is no breach of information security and cyber fraud instances. Regulators should leverage the impact of regulatory policy in such a manner that no interests are favored biasedly neither are obstructed with adjuring hostility. Advent of technology will definitely help regulators to be stringent on noncompliance issues.

Towards Closure......

Innovative technology solutions are major game changers in the way insurance industry will evolve in the coming years. It shall contribute immensely in elevating the insurance growth, reduce operational costs, entice customers, increase productivity and provide a modern approach to the overall functioning of the industry. Currently, it has led to increased market penetration by spreading its wings enormously over regions of all the nations by providing brilliant insights in people's lives. IJ

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Service Excellence in Insurance

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Excellence is a word that may mean differently to different persons. It is so because persons ate not mere human beings but bundles of many emotive characteristics. These characteristics are also transient in nature and with differently responsive emotes to different situations or to the same situation at different times.

There could be many practical ways and means by which service excellence can be brought into insurance. These practical marketing efforts could be like, improvisation in packaging, presenting or selling the service or in the after-sales service. Instead this Paper has taken a different perspective. Most of the practical applications to augment service, with excellence, are all in the sale or the after sale scenario of insurance service. This Paper suggests that infusion of excellence in the insurance service should be at the primary stage of prospecting, pre-approach, approach and discussion stages itself.

In other words, this Paper suggests that such excellence in insurance service can be achieved on a long lasting basis by putting efforts from the theoretical side of insurance – by improvising in packaging and presenting and selling the theory of insurance – differently.

In a way, excellence is a view held by people, bound by more of psychological conditions rather than physical conditions or experiences. It is more of emotional shades than experiential ones.

While it is conceptually so, presence of excellence in marketing parlance is always targeted by marketers, in a physical sense – may be, because it is more possible and easier.

Here again, targeting by marketers takes different views and approaches given by the two types of markets – the tangible or product market and the intangible or service market. In several instances the tangibility or various features that make up the tangibility of a product, itself defines and sets the levels of excellence measurable by various degrees of satisfaction, derived by the consumer from the use of the product. By benchmarking these various degrees of satisfaction, on each of the various features of the physical product - from the initial looks of the packaging to the final yield or utility value of the product - the sum total of such measurements can be summarized into certain levels of excellence of the product, as seen and felt by the consumer.

However these measurements, as given by the customer may eventually change and downsize the earlier given levels of excellence. When these are recognized or realized by the marketer, he can raise the level perceived by the customer by changing or altering or enhancing the various features of the product and, or repair the benchmarking process to achieve his targeted level of excellence from his customer.

In contrast, even this slight advantage of achieving a certain level of excellence or satisfaction of the customer in his product is not so distinctly available for a service marketer. The reason is obvious. No service has '*physical features'* to tinker with.

> There could be many practical ways and means by which service excellence can be brought into insurance. These practical marketing efforts could be like, improvisation in packaging, presenting or selling the service or in the after-sales service. Instead this Paper has taken a different perspective.

However, there are a few services where the end-utility of the service is provided by the said service marketer using certain physical *'articles' or 'goods' or 'accessories' or 'peripherals'.* In such case the marketer will have the advantage of 'augmenting' his service to achieve a certain degree of excellence, by enhancing the features of relevant 'articles' or 'accessories' etc. A few examples are given below.

Travel Services

Theatre Services

Clinical Services

Many services such as mentioned above, supply certain promises which are fulfilled by conveying them to the customers through the use of certain relevant physical *'properties'* – the Travel Agent providing his service by using a motor vehicle or train or aircraft and the like. The marketer can improve his service excellence by enhancing the features of the *'goods'* he uses to convey his service – the better the features of the goods the higher the degree of service excellence.

In other words, in the type of service providers like the above – certain *'tangibility'* can be brought in and improvisation provided by the marketer to make his customers enjoy better and higher degree of excellence in the service.

A little intense observation tells us that in most cases of *'services'* which are aimed at providing appeal to the eye, ear, smell, taste or touch, an opportunity is given to the marketer to bring in and improvise certain *'physicality'* to the service – as described above. There are a few very important and highly popular *'services',* which are difficult to improvise for higher excellence with augmented features of physicality. The most relevant of such services are financial services – *banking and insurance.*

Banking and Insurance Services

Though both are financial services there are many differences in their service provisions mainly in their financial transactions, with most of the banking financial transactions having visibility and palpability of physicality – in the shape of cash and bills. Such physicality is absent in insurance financial transactions. This feature of physicality brings banking services closer to *acceptability* by people while its absence leads to preference or priority to insurance being 'in waiting' or postponed. This is so because insurance is in reality only a *promise.* No promise carries any features or similitude of physicality, which can enable the customer to comprehend the nature of the service offered. This makes him think and rethink several times before accepting it. In most cases personal motivation and persuasion by the intermediaries are effectively required for the customer to accept the service – which again has its own problems and issues.

Some More Difficulties with Insurance Services which Deter its Purchase are

(i) the promise is not a simple and unconditional one; it is 'contingent' in nature;

(ii) the duration for the performance of the promise by the insurer is not short but its mostly long-termed – especially in the case of life insurance promises;

(iii) Given the long term for the promise to be performed by the insurer, the value of the benefits of the promise may, sometimes, vary from the expectations of the beneficiary, due to the various changes that may occur in the socio-economic and financial conditions of the beneficiary and also in the macro factors that may affect the overall economy of the nation;

(iv) the service is formulated with many legal and technical aspects which are all totally unknown and not easily knowable by the customer;

(v) in case of exiting from the service it is with heavy monetary penalties and, orlosses;

(vi) the service seems to be monotonous and uneventful to the customer as he goes on paying premiums for decades for the insurer to react after a great length of time. Such monotony creates mental and psychological ennui to the customer. This may result in middle exit.

May be this list is not complete but only suggests that it is a mountainous task for the marketer to infuse the element of excellence in his service to attract the customer, either at the beginning of the contract or during its currency.

The list also suggests that these not so favourable features mentioned above are in the nature of the service (insurance service) itself and are inseparable and *in-built features of the service.*

This Paper believes that there should be some way out and suggests.

Insurance is sold as a promise of a benefit which may materialize to the beneficiary or not because the material benefit is based on a contingent occurrence – contingent on an 'external factor', which is not in the control of either the beneficiary or the insurer – *like fire, accident or death.*

Thus, we may safely presume that what is marketed as *'insurance'* is neither a *'product'* nor a *'service'* but it is essentially only a *'contingent idea'* that is sold. It is so because it is in essence a *'guard'* against *'risk',* which is again an *idea* – *incomprehensible and indefinable.*

But, the present question is: will all this theory make the customer compromise to accept service as it is and buy it?

Can the insurer make the prospect *'perceive'* excellence in the service – and, also throughout all the years of the long term of the service?

It is human nature to expect some reasonable and satisfactory *'return' (or benefit)* and within reasonable time, for every effort or rupee spent by an individual. The *'value'* of this *return* need not be in monetary terms or physical terms; it can also be based on *emotional terms.* The element of excellence in this *return* will be the highest, in the perception of the customer, if the *time element* is the shortest or near immediate – and where the *satisfaction derived from the return* is the highest or the *quantum* of the *return is high and over and above* the original expectation.

If we now look at insurance service against the background described above, we can see that insurance service does not provide either a physical or monetary return during the entire term of the service. At best, it can provide a return in *emotional terms only,* that the worth of his asset is covered and taken care of by the insurer – but, unfortunately, it is not described so or sold so *on emotional parlance* in the market.

It appears that a time has come for insurance marketers to revise their *selling aspects* – especially in the light of the increased and faster dissemination of awareness among all strata of customers and consumers and also in their capacity to see through the strategies of the marketers.

Therefore, it is all the more important to take a different *view or strategy* in selling insurance - because it is difficult to compete with the other existing financial services which offer *definite* physical returns that are almost immediate or at least in very short time intervals.

To make the current point clear, let us take the example of a fire risk cover. When a fire breaks and a claim arises, in nine out of ten cases, the insured is not satisfied with the *'service'* offered, as he always sees that the *'return' (or benefit)* is much below his expectations and less said when compared with the original sum insured. In fact, in most of the cases the indemnification might have been perfect in technical, legal and contractual terms. But, what we – the insurers – miss actually is to *create the perception* in the mind of the insured, that the value of his original bondage and affinity with the value of the subject matter of insurance – be

it his house or mill or factory – is sustained and maintained by the insurer in emotional terms. It is the financial equilibrium maintained that is *the benefit* of insurance and not the claim money paid. The insured must be made to realize that what was being indemnified by the insurer is neither the partial loss of the physical asset nor the partial loss in *value* of the lost physical asset in monetary terms, but it is the indemnification of the partial loss of his *emotional association and attachment* to his asset. He must be made to understand what would have been the worth of his asset in the case of a fire and in the *absence* of insurance. It is certainly not difficult to do this.

The customer would have certainly understood this emotional aspect had the service been described and sold to him so at the beginning of the sale talk and discussions.

After all, any kind of *'ownership'* is an attachment and affinity, with certain emotional threads woven around it, nurtured and protected over years of investment of time, *labour and efforts* and *money.* The owner always takes more pride in the time and *efforts* spent, rather than the *money* part – and, *this positive feeling only lasts long to him.*

Scott Cavanaugh quotes Martin Seligman of the University of Pennsylvania, the father of *Positive Psychology, in his article "Psych of Satisfaction",* that *"we can make positive feelings last longer when we deliberately take a "mental picture" of pleasurable events to share with others or recall later.*

An insurer can easily and deliberately create such a *mental picture of pride and belonging* to his customer in respect of his *'asset'* which is his creation with *pleasurable events around it,* as a background while selling insurance.

Thus, focus is on the value of the 'emotional worth of the asset' and not merely its monetary value, as is usually mentioned only to calculate the service 'cost'.

In his article ("Insurance as a commodity? Addressing our Industry's Biggest Challenge", Timothy P. O'brien, opines that though the concept of cost requires no explanation, understanding, the worth of a product is quite challenging. A quick search for a practical definition of worth yields these two offerings: "the quality that renders something valuable or useful" and "the value of an object in relationship to a purpose".

Sadly, our industry appears to have little interest in helping consumers to examine the actual worth of the coverage being offered.(Timothy P. O'Brienl)

Understanding the true worth of most products requires an inside perspective that is often beyond most consumers. (Timothy P. O'Brienl)

In other words, what is being suggested here is that the insurer must play upon the emotional attachment of the individual on the asset – that is upon his *psychological ownership* and not on his mere physical or *legal ownership* of the asset insured.

Many psychological studies have proved that it is human nature for every individual to develop an ownership of his possessions apart from his legal ownership and rights. In fact, every individual identifies *'himself'* personally in all that he possesses – but latently. It is for the insurance marketer to bring it out patently for the customer to perceive.

In the words of William James, — "a man's Self is the sum total of all that he CAN call his, not only his body and his psychic powers, but his cloths and his house, his wife and children, his ancestors and friends, his reputation and works, his land, and yacht and bank account. All these things give the same emotions. If they wax and prosper, he feels triumphant; if they dwindle and die, he feels cast down.

We, insurers, must adopt his last two sentences and use them in the right way to sell a cover *on the psychological ownership* of the individual on his asset and *not on his legal ownership* or the physical asset: *"All these things give the same emotions. If they wax and prosper, he feels triumphant; if they dwindle and die, he feels cast down"*

Cram, F., & Paton, H made a study of elderly women who have moved from their residential dwellings to hospices. They report that they (the elderly women) "in their discussion of possessions as part of the extended self, note that it is common to witness the debilitating effects associated with the movement of the elderly from their homes to nursing facilities. They attribute these effects to the separation of the individual from their possessions, in which much of the self has become interwoven."

Knowingly or unknowingly, every individual carries an affinity with what he has created as an asset *"in which much of the self (his own self) has become interwoven."*

Therefore, an insurer must sell insurance to appeal and to appease to these parts of *time and efforts of this pride of psychological ownership which is the real 'worth'* of the asset that is being insured and not its *nominal monetary value.* Monetary terms are only indirect means of expressing the elements of time and efforts of his pride of psychological ownership.

It is also interesting to note that many tangible *physical products* are *not* sold on the point of *'worth'* of the commodity which is more realized mentally rather than physically, but on the cost, which is purely monetary and physically understood. Even this commonly used concept is also getting revised differently.

In one of the IRMI articles, it is reported that, "years ago, a memorable Mercedes Benz advertisement reminded readers that, in order to determine the true value of a car, consumers should focus not on what a car costs but on what the car is worth."

Unfortunately, insurance industry is yet to show interest in making their customers realize that the cover bought by them is on the *actual and real worth* of the asset covered and not the cost paid by them. The insurer should first start calculating the *actual worth of the asset* (be it non-life or life) – which calculation should not only include the *physical worth* but also the *mental worth* the customer carries in his mind. The calculation of the cost must come later only.

Customers must be made to think what would be the total cost of the *risk* upon the asset in the absence of insurance. We must all understand that this particular *thought* or *idea* is what we should sell as *'insurance'* – and not insurance.

A reputed Broker, Craig Rowe, commented that, as an insurance broker, it is necessary to make price as irrelevant as possible. Clients should start thinking not only of price, but of the "total cost of risk"

Of course, it is difficult to propose to sell insurance on a premise that is more abstract than the product itself. But, still, it is the suggestion that at least this abstract *thought of the actual emotional worth of the asset* should always linger around the entire sale-talk till it is realized by the buyer to buy insurance.

This *concept* should serve as a background score for the scene of the sale-talk to become effective and yielding.

In analogy, this is a simple change in the *presentation* or *packing* of the insurance service to dress it anew – just in the manner in which product marketers do.

The actual selling of insurance lies in the fact that the *value of the return or benefit* is interwoven with the *value of the emotional affinity* of the ownership. With no risk occurrence, the customer will continue his earlier *'happy'* association and affinity with his asset intact, and in the case of a risk occurrence his affinity with his asset is restored back to him in tact by the insurance service – or, in other words, his *marred* happy association is restored back to his *original* happy state.

The service excellence in insurance lies more in the care and concern, than the speed and accuracy, with which the above said restoration is effected by the insurer. Excellence really lies in the sincere care and concern expressed in the service, and where they are, speed and accuracy will automatically follow.

The customer must feel that he is owned by his insurer.

Further, in the case of life insurance service, there is no immediacy for the insured to *perceive the value of the return (benefit)* which may make him uncomfortable and unsympathetic. It is also well neigh impossible for the insurer to inject a dose of excellence – by show of care and concern in the service – till the end of the contract which would normally be decades away in time.

Customers, normally, want shorter experiences of excellence in any service.

This trend is not new. It was there in the past years of life insurance business also.

A review of past business records will reveal the statistical history of life insurance service, that customers always preferred such insurance schemes more, where there were *shorter-timed and intermediate returns,* to the schemes where the returns were at the end of long terms. The latter were preferred least. Money Back life policies were always the major part of the life insurer's portfolio. Stock linked insurance schemes were preferred. *Jeevan Dhara* schemes had record sales which also had life cover.

> However these measurements, as given by the customer may eventually change and downsize the earlier given levels of excellence. When these are recognized or realized by the marketer, he can raise the level perceived by the customer by changing or altering or enhancing the various features of the product and, or repair the benchmarking process to achieve his targeted level of excellence from his customer.

Even today such a trend may be preferred for customers to own insurance by volition, if the required care and concern is shown by the insurer and also if the service is offered as cover to the love and happiness the buyer owes to his family. Such a sale is the excellence augmented in the service of life insurance.

It is indeed wrong to encourage such singularly motivated sales of short-term benefit policies and it is much against the very basic principle and primary need of life insurance – in the sense that life insurance is service given to a person when he needs it most – that is in his advanced ages.

These two individual interests of the buyer and the seller – short term returns or benefits and long term insurance – are both juxtaposed.

However, this Paper suggests a way to meet both these divergent ends.

Life insurance service may be offered as long *term* policies *(with profit sharing provisions)* to make the cover available even in advanced ages of the customer, when it is most needed – and in addition the service should also give the customer an *option to reap the partial returns whenever he desires* – as under:

- *Such an option can be the option to surrender his accrued reversionary bonuses to avail in cash and such an option being made available at specified frequencies – say every 5 years.*
- *Such cash options of the accrued reversionary bonuses may be restricted to a specified percentage also – say not more than 75% of the total accrued amount available under the policy.*
- *This may give a feeling of relief to the customer that his contributions as premiums are not locked in for long years – with benefits at a far distant date – and a satisfaction that the premiums have given monetary (physical) returns intermediate.*

- *This also may help the insurer to have a live-link and contact with the customer once in certain short durations – more or less a physical feature introduced in his service to augment it emotionally. The long-term feature and contact is minimized.*
- *This also may give an opportunity to the insurer to serve the customer with certain a high degree of excellence if he could serve him with speed and a tinge of immediacy – and with promptness.*
- *These transactions can very easily be done with no paper work and via well designed digital portals.*

What is being suggested is, in short, that the insurance marketer should redefine his service on emotional and psychological terms and sell it on a newer footing and platform, with a new packing and delivery model.

This Paper believes that the suggested scheme of service should succeed in providing sufficient levels of excellence in the wake of expanding avenues of digitalization and its acceptance by one and all, across the populations, in present day and future years of India. IJ

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Protecting Life Insurance Moneys for the Beneficiaries – Section 6 (1) of the MWP Act, 1874

> "It is obvious that Section 6 avoids these difficulties to a large extent by bringing into existence what is conveniently described as a "statutory trust". The significance of Section 6 lies in the fact that it renders unnecessary a compliance with formalities required- For an assignment, by Section 38 of the Insurance Act, or for the creation of a trust, by the Indian Trusts Act, 1882".

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I. Introduction

Complexities of modern economic life of people have motivated men to search for various methods to save and protect incomes and wealth for themselves and/or for their families. Insurance is one such method. In fact the earliest kind of any operational insurance cover may be found in the Manu Smriti: Whatever may be damaged in a boat by the fault of the boatmen, that shall be made good by the boatmen collectively, (each paying) his share1. This decision in suits (brought) by passengers (holds good only) in case the boatmen are culpably negligent on the water; in the case of (an accident) caused by (the will of) the gods, no fine can be (inflicted on them)[ii].

There are many legal provisions that protect life insurance moneys. In this brief article we limit our discussion to life insurance purchased through protection offered under Section 6(1) of Married Women's Property Act, 1874, which is rarely discussed in life insurance marketing seminars and symposia and seldom acted upon by marketing personnel. Sound knowledge and broad understanding of the subject is the sine qua non of any marketing activity, more so with services-marketing. This paper progresses into five parts, namely, I. Introduction, II. Married Women's Property Act, 1874, III. Section 6, MWP Act. IV. Discussion on Section 6(1), and V. Conclusion.

II. Married Women's Property Act, 1874

Married women's earnings to be their separate property - Married woman mayeffect policy of insurance on her own behalf and independently of her husband; and the same and all benefit thereof, if expressed on the face of it to be so effected, shall ensure as her separate property - Married women may take legal proceedings - Wife's liability for postnuptial debts - Husband not liable for wife's ante nuptial debts - Extent of husband's liability for wife's breach of trust or devastation

This is a small Act (referred as MWP Act in the article hereafter) containing ten Sections and applies to the whole of India except Jammu and Kashmir. Its further applicability is discussed here. 'But nothing herein contained applies to any married woman who at the time of her marriage professed the Hindu, Muhammadan, Buddhist, Sikh or Jain religion, or whose husband, at the time of such marriage, professed any of those religions. And the State Government may from time to time, by order, either retrospectively from the passing of this Act or prospectively, exempt from the operation of all or any of the provisions of this Act the members of any race, sect or tribe, or part of a race, sect or tribe, to whom it may consider it impossible or inexpedient to apply such provisions. The State Government may also revoke any such order, but not so that the revocation shall have any retrospective effect. All orders and revocations under this section shall be published in the official Gazette'[iii].

What is the rationale for non-application of this Act to married women who at the time of their marriage belonged to Hindus, Muhammedans, Buddhists and Jains? The answer to this could be found in the 66th Report of the Law Commission of India. 'Prior to January 1866, the law applicable in India, to persons who were not Hindus, Muslims, Buddhists, Sikhs or Jains, was in general, the English common law as regards matters concerning personal status. Hindus, Muslims, Buddhists, Sikhs and Jains were governed by their personal law. The persons to whom the English common law was thus applicable for want of their own personal law, included Europeans and Indian Christians, Jews, Armenians and Parsis – to mention some of the most important communities. Accordingly, the restrictions as regards possession and alienation of property of an English woman generally applied to women belonging to these communities[iv].

Section 3 of the Act stands repealed through the Repealing Act of 1876. Section 4 states that married women's earnings will be their separate property. This Section is reproduced here: Married women's earnings to be their separate property: The wages and earnings of any married woman acquired or gained by her after the passing of this Act, in any employment, occupation or trade carried on by her and not by her husband, and also any money or other property so acquired by her through the exercise of any literary, artistic or scientific skill, and all savings from and investments of such wages, earnings and property, shall be deemed to be her separate property, and her receipts alone shall be good discharges for such wages, earnings and property[v].

Section 5 deals with insurance purchased by the wife for her own benefit and Section 6 deals with insurance purchased by a married man for the benefit of his wife. Section 5 is quoted here and Section 6 will be dealt with as a separate topic as it forms the main content of this article. 'Married woman may effect policy of insurance: - Any married woman may effect a policy of insurance on her own behalf and independently of her husband; and the same and all benefit thereof, if expressed on the face of it to be so effected, shall ensure as her separate property, and the contract evidenced by such policy shall be as valid as if made with an unmarried woman[vi]. 'As the law stood then, if a wife effected such a policy otherwise than out of her separate estate and died in the husband's life time, then the husband became the owner of the policy in the capacity of her administrator. Hence a need for this provision[vii].

'Married Women may take Legal Proceedings :- A married woman may maintain a suit in her own name for the recovery of property of any description which, by force of the said Indian Succession Act, 1865, (10 of 1865) or of this Act, is her separate property; and she shall have, in her own name, the same remedies, both civil and criminal, against all persons, for the protection and security of such property, as if she were unmarried, and she shall be liable to such suits, processes and orders in respect of such property as she would be liable to if she were unmarried[viii].

Wife's Liability for Postnuptial Debts:- If a married woman (whether married before or after the first day of January, 1866) possesses separate property, and if any person enters into a contract with her with reference to such property, or on the faith that her obligation arising out of such contract will be satisfied out of her separate property, such person shall be entitled to sue her, and, to the extent of her separate property, to recover against her whatever he might have recovered in such suit had she been unmarried at the date of the contract and continued unmarried at the execution of the decree: Provided that nothing herein contained shall-

(a) entitle such person to recover anything by attachment and sale or otherwise out of any property which has been transferred to a woman or for her benefit on condition that she shall have no power during her marriage to transfer or charge the same or her beneficial interest therein, as

(b) affect the liability of a husband for debts contracted by his wife's agency expressed or implied[ix].

'Husband not Liable for Wife's Ante Nuptial Debts :- A husband married after the thirty-first day of December, 1865 shall not by reason only of such marriage be liable to the debts of his wife contracted before marriage, but the wife shall be liable to be sued for, and shall, to the extent of her separate property, be liable to satisfy such debts as if she had continued unmarried: Proviso.- Provided that nothing contained in this section shall invalidate any contract into which a husband may, before the passing of this Act, have entered in consideration of his wife's ante nuptial debts[x].

'Extent of husband's liability for wife's breach of trust or devastation: Where a woman is a trustee, executrix or, either before or after marriage, her husband shall not, unless he acts or intermeddles in the trust or administration, be liable for any breach of trust committed by her, or for any misapplication, loss or damage to the estate of the deceased caused or made by her, or for any loss to such estate arising from her neglect to get in any part of the property of the deceased[xi].

These Sections were quoted to give the reader a clear picture of the scheme of the legislation.

III. Section 6, MWP Act.

A policy of insurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall endure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them

Section Reproduced:

Insurance by Husband for Benefit of Wife:-

(1) A policy of insurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or of his wife and children, or any of them, shall endure and be deemed to be a trust for the benefit of his wife, or of his wife and children, or any of them, according to the interest so expressed, and shall not, so long as any object of the trust remains, be subject to the control of the husband., or to his creditors, or form part of his estate.

When the sum secured by the policy becomes payable, it shall, unless special trustees are duly appointed to receive and hold the same, be paid to the Official Trustee of the State in which the office at which the insurance was effected is situate, and shall be received and held by him upon the trusts expressed in the policy, or such of them as are then existing.

And in reference to such sum he shall stand in the same position in all respects as if he had been duly appointed trustee thereof by a High Court, under Act No. XVII of 1864, to constitute an office of Official Trustee, section 10.

Nothing herein contained shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of assurance which may have been effected with intent to defraud creditors.

(2) Notwithstanding anything contained in section 2, the provisions of sub-section (1) shall apply in the case of any policy of insurance such as is referred to therein which is effected-

(a) by any Hindu, Muhammadan, Sikh or Jain-

(i) in Madras, after the thirty-first day of December, 1913, or

(ii) in any other territory to which this Act extended immediately before the commencement of the Married Women's Property (Extension) Act 1959, after the first day of April, 1923, or

(iii)in any territory to which this Act extends on and from the commencement of the Married Women's Property (Extension) Act, 1959, on or after such commencement;

(b) by a Buddhist in any territory to which this Act extends, on or after the commencement of the Married Women's Property (Extension) Act, 1959:

Provided that nothing herein contained shall affect any right or liability which has accrued or been incurred under any decree of a competent court passed-

(i) before the first day of April, 1923, in any case to which sub-clause (i) or sub-clause (ii) of clause (a) applies; or

(ii) before the commencement of the Married Women's Property (Extension) Act, 1959 (61 of 1959), in any case to which sub-clause (iii) of clause (a) or clause (b) applies.

Sub-section 2 expands the applicability of sub-section 6(1) to practically all people of all communities by negating the restriction put by Section 2 of the MWP Act. We can analyse the conditionality of application of the benefit as follows:

(i) The policy must be effected by a married man

(ii) The insurance coverage must be on his own life

(iii) The policy must be effected for the benefit of his wife, wife and children or any of them

(iv) This intention must be expressed on the face of the policy

(v) The said policy will be deemed to be a Trust for the benefit of the said beneficiaries

(vi) As long as the object of the policy remains:

(a) It shall not be subject to any control of the policyholder

(b) It shall not be subject to any control of policyholder's creditors, and

(c) It shall not form part of the estate of the policyholder

(vii) When policy moneys become payable it shall be paid to the special trustees appointed by the policyholder

(viii) If special trustees are not appointed, the policy moneys shall be paid to the official trustee of the State where the insurer's policy-effecting-office is situated and he shall be deemed to be a trustee appointed by the High Court as per relevant provision of law

(ix) The trustees, whether special or official, shall receive and hold the policy moneys for the benefit of the the beneficiaries

(x) Nothing herein contained shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of assurance which may have been effected with intent to defraud creditors. The Law does not support fraud

IV. Discussion on Section 6(1)

Section 6 enacts that the trust should appear "expressed on the face" of the document, that is to say, that the words used should be plain and unambiguous. For whatever purpose the policy may be governed by the terms of the application that preceded it, for the purpose of the Married Women's Property Act the only document that can be looked into is the policy - On a careful consideration of all aspects of the matter, we have come to the conclusion that while the present statutory scheme as contained in the various provisions mentioned above, may be complex, the complexity is primarily due to legislative anxiety to provide for the variety of results which in actual life, persons taking out life insurance may desire to achieve

Section 6 offers unique rights for beneficiaries of a policy of life assurance purchased for their benefit, which is expressed on the face of the policy. The Section expects meaningful consequences. 'This provision was thought necessary because it was thought that in the absence of such a provision, the transaction would be considered a "voluntary settlement" on the lines of English law as modified by statute[xii]. Regarding voluntary settlements, i.e. settlements made without consideration, there are certain special rules applicable in equity.

Transfer of life insurance money through Section 6 is an assignment of a 'chose in action' or actionable claim. An assignment may be absolute or conditional. Under the rules of Muslim law, conditions attached to a gift were generally void, except where the assignment of the policy is made to the wife by way of dower. The gift was valid, but the condition void[xiii]. But amendment to the Insurance Act 1938, Section 38 has changed the situation by adding "notwithstanding any law or custom having the force of law to the contrary" conditional assignments are valid[xiv].

We may ask as to what is the real significance of Section 6 of the MWP Act. It is obvious that Section 6 avoids these difficulties to a large extent by bringing into existence what is conveniently described as a "statutory trust". The significance of Section 6 lies in the fact that it renders unnecessary a compliance with formalities required-

(i) For an assignment, by Section 38 of the Insurance Act, or

(ii) For the creation of a trust, by the Indian Trusts Act, 1882[xv].

The policy to be effected under MWP Act shall be on the life of a married man and the policy shall be purchased by him. That means a married man purchasing a policy on his spouse's life or daughter's life cannot mark that policy under Section 6(1) of MWP Act. Also a policy which a married man got by way of absolute assignment cannot be marked under MWP Act for he did not effect it although legally he becomes the policyholder[xvi].

The policy shall be effected for the benefit of wife and /or children or any of them, individually or collectively. So policy beneficiary may be wife alone or any child or all children or wife and children. Beneficiaries may be named in the policy or they may be named as a class. If beneficiaries are children, A and B, the policy money will go for their benefit. Assume that a third child, C, is born to the father. It will not be a beneficiary for the policy. But if beneficiaries are mentioned as 'children' (as a class) a child born subsequent to purchase of the policy automatically becomes a beneficiary.

'Expressed on the face of the policy' is a direction of wider application. The Law Commission has dealt with the subject and elaborated the same: "It would appear that the intention to benefit the wife and children must be expressed in the policy and not in the proposal. In one Madras case[xvii] in the insurance policy, against the column "to whom payable" appeared the words "to the person or persons legally entitled thereto". It was contended by the defendants that a trust arose under section 6 of the MWP Act. It was, however, held by the High Court that the requirements of Section 6 had not been fulfilled. There was no mention in the policy of the wife and children but there was a statement in the proposal form that the object of the policy was "for the maintenance of the family". It was held: Although, where the intention already appears that a trust is to be created, the law does not require that the words used should be identical with those occurring in the statute, it is impossible to hold in the present case that the requirements of Section have been fulfilled….Section 6 enacts that the trust should appear "expressed on the face" of the document, that is to say, that the words used should be plain and unambiguous. For whatever purpose the policy may be governed by the terms of the application that preceded it, for the purpose of the Married Women's Property Act the only document that can be looked into is the policy[xviii]." In other words even if the proposer has stated his intention in the proposal form he must ensure that his intention appears on the policy document. So when the policy bond reaches him he should confirm that his intention is 'expressed on the face of the policy'.

The policy earmarked for the benefit of wife and children and this intention expressed on the face of the policy will be deemed to be a trust. Trust is generally governed by the Indian Trusts Act 1882. 'A "trust" is an obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner:

"author of the trust": "trustee": "beneficiary": "trust property": "beneficial interest": "instrument of trust":

The person who reposes or declares the confidence is called the "author of the trust": the person who accepts the confidence is called the "trustee": the person for whose benefit the confidence is accepted is called the "beneficiary": the subject-matter of the trust is called "trust-property" or "trust-money": the "beneficial interest" or "interest" of the beneficiary is his right against the trustee as owner of the trust-property; and the instrument, if any, by which the trust is declared is called the "instrument of trust…"[xix] 'The subject-matter of a trust must be property transferable to the beneficiary. It must not be merely beneficial interest under a subsisting trust[xx]. The Trusts Act deals with all aspects of trusts, their creation, rights and duties of various parties to the trusts etc.

It may well be asked whether a nomination u/s 39 of the Insurance Act, 1938 creates a trust for the benefit of wife (nominee). The Allahabad High Court in Shanti Devi v Shri Ram Lal observed[xxi] 'It seems to us clear that Section 39 of the Insurance Act and Section 6(1) of the Married Women's Property Act are not complimentary and the right of nomination which is bestowed on a policyholder under Section 39 of the Insurance Act cannot be read into Section 6(1) of the MWP Act so as to vary the clear intention of the latter Act'. On the question of transfer of property through nomination (section 39, Insurance Act), assignment (Section 38, Insurance Act) and trust (Section 6(1) MWP Act) the Law Commission has given this observation:

'On a careful consideration of all aspects of the matter, we have come to the conclusion that while the present statutory scheme as contained in the various provisions mentioned above, may be complex, the complexity is primarily due to legislative anxiety to provide for the variety of results which in actual life, persons taking out life insurance may desire to achieve. The insured may wish merely to avoid a controversy as between his heirs and the insurer, without more. For him, nomination is a suitable choice. He may desire to go further, and decide to transfer all rights under the policy. He can then resort to assignment. Or he may prefer the less elaborate machinery of Section 6, if he wishes to create a trust governed by the legislation. The statutory provisions are, thus as varied as the intentions of the insured. Hence the apparent complexity'[xxii]

The amendment to the Section 39 by substituting the new Section and introducing sub-section 12 with a proviso thereto through the Insurance Laws (Amendment) Act 2015 has become very vital in nomination vis-à-vis operation of Section 6 of MWP Act to which all insurance professionals shall give their attention to. "The provisions of this section shall not apply to any policy of life insurance to which section 6 of the Married Women's Property Act, 1874, applies or has at any time applied: Provided that where a nomination made whether before or after the commencement of the Insurance Laws (Amendment) Act, 2015, in favour of the wife of the person who has insured his life or of his wife and children or any of them is expressed, whether or not on the face of the policy, as being made under this section, the said section 6 shall be deemed not to apply or not to have applied to the policy'[xxiii].

The trust created by Section 6(1) is a statutory trust. Simple understanding of the trust created is that the trust moneys must be out of control of the policyholder, it must be earmarked for the benefit of beneficiaries only and this will be ensured by the trustees. Life insurance companies while selling policies to be covered under Section 6(1) of the MWP Act provides the customer with the necessary forms that helps the policyholder in setting up the trust formally and in appointing trustees and in defining trust rules. This customer orientation in selling must continue till the end of the policy.

Questions on the revocation of a trust created, if appropriate situation develops, by a policyholder may be lurking in his mind. Law on the subject answers it thus: 'A trust created by will may be revoked at the pleasure of the testator. A trust otherwise created can be revoked only- (a) where all the beneficiaries are competent to contract-by their consent; (b) where the trust has been declared by a non-testamentary instrument or by word of mouth-in exercise of a power of revocation expressly reserved to the author of the trust; or (c) where the trust is for the payment of the debts of the author of the trust, and has not been communicated to the creditors at the pleasure of the author of the trust. Illustration: A conveys property to B in trust to sell the same and pay out of the

proceeds the claims of A's creditors. A reserves no power of revocation. If no communication has been made to the creditors, A may revoke the trust. But if the creditors are parties to the arrangement, the trust cannot be revoked without their consent[xxiv].

It may happen many a time that trustees appointed by a policyholder may not be able to act when the time comes – may be due to reasons beyond their control like feebleness in old age, illness, inability to arrive at rational decisions, trustee moved to another country to live with sons and daughters, trustee is in jail, death of the trustee etc. Anticipating all such situations the policyholder or rather creator of trust must retain the power to appoint alternate trustees in case the existing trustees are unable to act. In the enthusiasm of new business selling marketing officials and salesmen of life insurers should take special care of this.

If policy is purchased and attempted to be covered under Section 6 of the MWP Act as part of fraud played on creditors Section 6 becomes ineffective. Legal rights and protection cannot emanate from an illegal act.

V. Conclusion

These situations make one need more of life insurance cover and protection for the cover itself. For life insurance professionals this is a situation of opportunities if they are equipped with knowledge, which is a sine qua non for service excellence.

Economic development and growth automatically enhances insurance business – life, nonlife, health, deposit, agriculture, export, reinsurance etc. in an economy. As incomes and wealth grow people desire to protect sources of income (individuals who are cause of the income). Individuals tend to take more and more bank credit for industrial, agricultural, trade and export and housing purposes. Rise in credit and liabilities promotes the tendency to protect income from sudden withdrawal of earning individuals from the scene. Sudden withdrawal from scene is in the form of death, an irreplaceable situation

that brings in two types of problems, viz., stoppage of income to the family (hence need for an alternate source of income) and probability of assets being taken away or attached for repayment of liabilities (hence need for protecting assets for the family from the demands of creditors). These situations make one need more of life insurance cover and protection for the cover itself. For life insurance professionals this is a situation of opportunities if they are equipped with knowledge, which is a sine qua non for service excellence. IJ

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ii Manu Smriti 8.409
iii Section 2 of MWP Act
iv Para 1.7A, 66th Report of the Law Commission of India.
v Section 4, MWP Act, 1874
vi Section 5, ibid
vii Para 4.2., 66th Report of the Law Commission of India,Pp27
viii Section 7, ibid
ix Section 8, ibid
x Section 9, ibid
xi Section 10, ibid
xv 66th Report of the Law Commission of India, Para 8.5 Pp36-37
xiii Sadiq Ali v Zahida Begum AIR 1939 All744
xiv Section 38(10), The Insurance Act, 1938
xv 66th Report of the Law Commission of India, Para 8.17 Page 42
xvi Section 2(2), Insurance Act, 1938
xvii Krishnamurthy v Anjayya AIR1936 Mad 635 quoted by the Law Commission of India in its 66th Report
xviii Para 8.24 66th Report of the Law Commission of India Pp46
xix Section 3, Indian Trusts Act, 1882
xx Section 8, ibid
xxi Shanti Devi v Shri Ram Lal AIR 1958 All 569 (quoted by Law Commission)
xxii 66th Report of the Law Commission of India, Para 8.42, Pp53
xxiii Section 39(12) The Insurance Act, 1938
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Using Blockchain Smart Contracts to Drive Service Excellence in Insurance Sector

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The biggest challenge that is being faced by the insurance industry is to engage new customers i.e. shifting their target audience from traditional customers to newer segments. The millenniums or the generation Y happen to be one of the most desired segments and the best way to capture this segment is by incorporating mobile and digital technologies. Insurance companies have realised that to entice this segment their focus should be on driving service excellence by incorporating newer technologies that are capable of providing faster and flawless service to the customers. The blockchain technology is one such medium which is capable of performing wide variety of operations. Its application in the public crypto currencies has shown the world that it is not only very secure but also has the ability to provide efficient and intangible technological benefits. Its application is not just limited to public crypto currencies rather it can be used to perform a wide variety of other complex operations. This is how the concept of smart contracts has emerged. Smart contract are computer programs where the terms of the contract are computer coded and have the ability to self-execute and enforce itself when an encoded condition is satisfied. The entire process is automated and can work as a substitute for conventional legal contracts. The smart contract operates on the concept of If- Then, whereby the terms of the smart contract are recorded in a computer language as a set of instructions. Such a concept will reduce the need of an intermediary while doing business. According to a report by (Goldman & Sachs, 2016) it has been estimated that consistent use of blockchain in KYC/AML checks alone could save $2.5bn of the estimated $10bn global processing costs in the sector. Apart from that a report published by (Mainelli & Manson, July 2016) they could identify the key segments where the concept of smart contract can find practical use. According to the report the key performance areas are:

- Placement and contract lifecycle: documentation.
- Claims management.
- KYC/AML.

The objective of this paper is to explore in detail how smart contracts can be incorporated to improve the performance in the above mentioned areas.

Literature Review

(Mainelli & Manson, July 2016) In their paper titled Chain Reaction: How Blockchain technology might transform the wholesale insurance market, talked about how blockchain enabled solutions can be helpful in providing efficient and secured services to the customers. The paper also touched upon the various use cases whereby the blockchain technology can be utilised. The biggest issues highlighted in the paper were KYC/AML, problems in claim processing and proper documentation. It could be understood that these problems had direct impact on the TAT (Turn Around Time) of the process and the companies had to bear extra expenses also. In the following paper we are going to explore some of the use cases which can directly impact the customer satisfaction levels and see how blockchain technology can be utilised to improve the overall process thereby improving customer satisfaction.

Defining Blockchain

Before starting to explain the applications of the blockchain let us first understand what blockchain technology is? It is basically a Mutually Distributed Ledger and technically speaking is a computer data structure capable of storing large chunk of data in a secured way. Block chain has the following capabilities:

- Block-chain is shared across many organizations. However no single organisation owns it.
- Blockchain data is not restricted to one single location as it a multi-locational data structure. Thus users can store copies locally which provide greater robustness and security.
- Once a transactional detail is entered into the block-chain it cannot be erased moreover the availability of local copies across several locations helps in proving the integrity of the ledger.

Based on the following capabilities we can see that blockchain in an organization will be very useful to create a successful audit trail that is tamperproof and which can be reviewed externally. Apart from that the success of public crypto-currencies has shown that blockchain technology can be highly secured and well equipped to handle huge chunks of data quite efficiently. Thus for an insurance company which is entirely data driven it becomes very important to leverage the power of blockchain technology.

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Blockchain smart contract is one of the ways by which the amazing power of blockchain can be leveraged. Smart contracts are basically computer programs where the terms of the contract are encoded as triggers. The contract gets executed when one of the conditions is triggered. The entire process is automated and the contracts are self-executing in nature.

Key Areas where Blockchain Smart Contract can be Used

1. To Properly Document Placement and Contract Lifecycle

In order to obtain a quote from an underwriter a broker must submit a "head of terms" of the overall contract along with some supplementary documents that is submitted in both paper and electronic format. These documents describe the risk of the insured and thus are highly detailed. The issue with the Insurance Contracts is that it comprises of large number of files both in electronic and paper format. Moreover new files get added to the original file throughout the lifetime of the contract. The problem is that there is a heavy processing overhead as many personals can check these files at various stages of the contracts lifecycle. Apart from that there is operational inefficiency that is associated with preparation of any paper document; even files in electronic format fall short when it comes to create a tamperproof and accurate audit report which shows the exact documents and versions that are included. Moreover the presence of multiple personals that have access to the files also increases the chance of the file getting corrupted or changed.

Blockchain smart contracts can be very helpful to solve this problem as by storing all the important documents in a distributed ledger we can ensure that the documents can be accessed by multiple participants and as the blockchain system is very secure hence there is no fear of damage to the files due to accidental change or corruption. The added advantage of this concept is that the files stored in blockchain can be accessed by the regulators and Tax authorities, which will greatly simplify the overall process of reporting and checking the documents.

2. Claims Management

Whenever a claim is made on a policy the underwriters, insured, insurer and all the concerned parties generally want to be kept abreast of the proceedings. There might be multiple underwriters who are busy pursuing their own process and this might generate extra overhead expense.

Blockchain technology can be used here to create a chain of all the documents created in the claim process and which is available to all the underwriters apart from client broker and claims brokers. This will reduce the administrative cost and fasten the overall process.

3. Know Your Customer (KYC)/ Anti-Money Laundering (AML)

Brokers, insurers as well as reinsurers have to perform KYC/AML on all the parties which can be legal entities or individual. More than often one broker can be associated with multiple underwriters and a single transaction might involve a great many participants. In such cases performing KYC/AML on multiple partners becomes a cumbersome task. It is expensive as well as time consuming activity which is responsible for the delay of the overall process.

One solution is to use an external agency which is specifically entrusted with the task of KYC/AML. Such an agency can utilize blockchain to store the information of all the clients and as blockchain is immutable hence data once entered cannot be changed. Thus there is no need for validation of the client over and over again. This will save precious time and effort on the part of companies and thus will help in servicing the client faster.

Conclusion

The need of the hour is to drive customer satisfaction by utilizing technology enabled solution that can give faster, efficient as well as secured service to the customers. By utilizing blockchain smart contract the various problems in insurance industry that affect the service rendering capabilities of the industry can be addressed. This technology is not only secured but also robust and can work with huge chunk of data. Thus blockchain smart contracts are totally going to revolutionise the insurance industry in the years to come. TJ

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New Corporate Governance Rules will Improve Service Excellence in Insurance

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Insurance business is the art of selling promise and providing financial security. Consumers, too, have recognized the need for such products, especially in urban cities where the impact of risk is more pronounced. The strategy of an insurance company requires that a bold, new culture of service excellence be embraced across all aspects of its operations. If successful, the culture would increase customer loyalty and allow the Company to advance its market share over its competitors.

User experience and customer experience are inextricably linked and while UX is a vital component of CX; it's not the only factor that leads to long-term satisfaction with a brand and its products. There are many ways to deliver better customer experiences but a few keys will help shape a memorable and valuable customer experience into the future for a long time to come.

The best businesses take ownership of the customer experience across the board; it doesn't matter where a complaint originates – it matters that it's solved as quickly and painlessly as possible. If senior managers start taking an interest in tracking complaints and how they're fixed – this should be fairly easy to do. While attracting new customers is as important as ever, smart executives are also examining their internal operations, looking for ways to lower servicing costs and deepen customer relationships. In today's challenging environment, insurance executives are searching hard for ways to grow the top line and improve profits. Some use reduced prices to lure valuable customers from competitors. Others attempt to convince a skeptical generation to buy their first policy. And everyone is trying to hang onto the business they already have. While revenue growth seems elusive, some insurance leaders are directing their focus to the loss and expense side of the profit equation. But slashing operating costs is easier said than done, especially when today's customers demand quality service anytime, anywhere.

The Indian insurance sector is conceivably as longstanding as the banking industry, but it has seen a sea change in business expansion and disclosure standards over the past 10-15 years. The Insurance Regulatory and Development Authority of India (IRDAI), which was instituted in 2000, opened the insurance sector to private enterprises allowing Indian companies to partner with foreign establishments. This has redefined the insurance sector, allowing common people to have adequate financial cover at reasonable cost. A developed and evolved insurance sector is a catalyst for economic development of a country. It provides long-term funds for various developmental activities and simultaneously strengthens the risk-taking ability of the country. Indian insurance sector consists of 57 companies, out of which 24 are life insurance, 31 general insurance, and two are re-insurance companies. The public listing initiative by insurance companies has gained tremendous momentum this year, with growth potential in the sector and acceptability among institutional and retail investors. This signifies increasing traction in the sector on the IPO front. Listing is also a step towards improving disclosure standards and their periodicity, which will make businesses answerable to investors and society in general. Till a decade ago, there was little transparency in terms of policy details, claims and surrender rates. The insurance regulator changed the landscape by bringing in more disclosures. Price competition is accelerating as customers turn to Internet data aggregators to shop for the best deal on many types of insurance. Insurers that define and implement solutions to these challenges are those that will successfully compete and thrive into the future.

What is Service Excellence?

So, what is service excellence? Exceptional client service is about going beyond what is realistically expected. It's about surprising – and often delighting the clients, turning them into enthusiastic referral sources who will stick with you not only because you do great work, but because of the value you bring. Unfortunately, many insurance companies believe that delivering exceptional service will cost them too much in staff time, training or developing service standards and procedures. These in-focused organizations are only concerned with company profit and cutting costs, and give little thought to how to keep clients happy. Realistically, bad service is actually more costly to an insurance firm than the time taken to provide great service. Poor service influences more than just a negative customer experience – it reduces revenue and drives up costs. It damages public perception, credibility and market reputation. As we all know, a dis-satisfied client is more likely to spread the word about a poor service experience than a positive one. Nowadays, unhappy clients will take to social media platforms to broadcast their disappointment. From a client's

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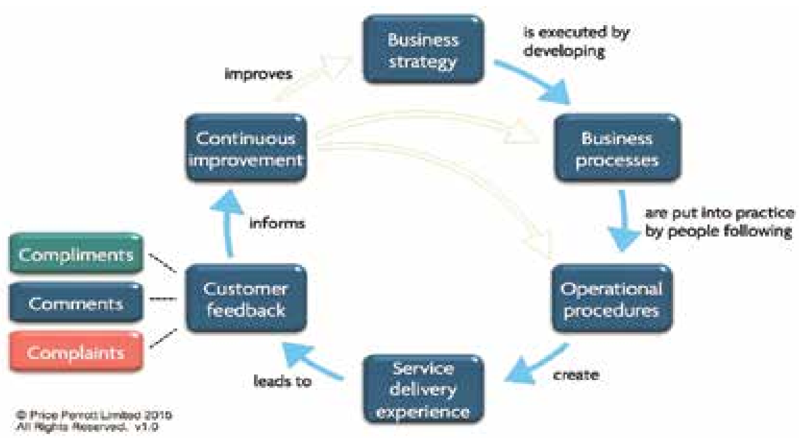
perspective, it's the little promises you keep that matter most. Returning a phone call, providing information or simply getting to know them on a personal basis can significantly impact the relationship. Providing great service is really about consistency, and realistically, that's not too difficult for an insurance company to achieve. For leaders, it is vital to communicate clearly to their employees the service behaviours that are expected with both



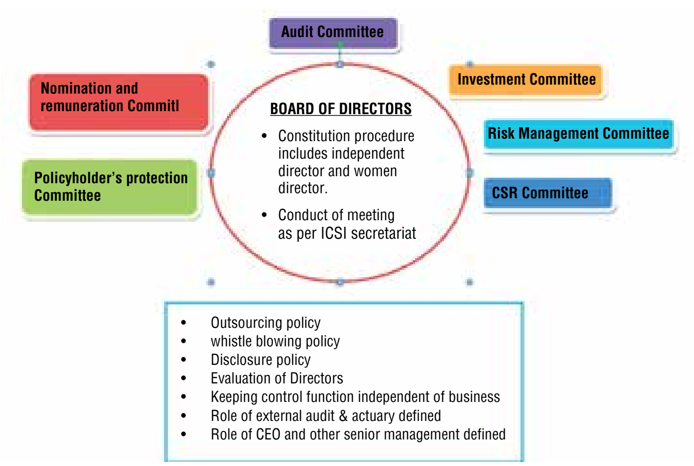
internal and external clients. Explain to the team why service excellence matters, not only for the company or client, but also for the personal satisfaction experienced in making others feel valued.

Corporate Governance Framework

The Insurance Regulatory & Development Authority, after interactions with all the stakeholders, issued the revised Corporate Governance Guidelines for insurance companies on 18th May, 2016. The revised guidelines combine the stipulations regarding the Corporate Governance practices, appointment of MD/CEO/WTD and other Key Management Persons (KMPs) as well as the appointment of statutory auditors of insurers. The guidelines require all insurers to furnish a checklist to the Authority on an annual basis indicating the compliance position with regard to corporate governance stipulations. These are applicable from FY 2016-17 onwards. Considering the peculiar nature of the insurance industry, the guidelines incorporate special provisions relating to the Committees of the Board, the qualifications and experience criteria for auditors, independent directors, corporate social responsibility obligations, etc. The guidelines have closely aligned the stipulations for insurance companies with the provisions of the Companies Act, 2013. The appointment and reporting of the Key Management Persons (KMPs) and members of the Board of directors has been integrated into the Corporate Governance Guidelines. Insurance companies need to ensure proper procedure of recommendation by the Nomination and Remuneration Committee for the appointment of KMPs by the Board and would need to maintain proper records of due diligence in respect of such appointments. The guidelines also provide for various kinds of disclosures in the Annual Reports by insurance companies. The guidelines seek to benchmark the governance standards and practices as well as the disclosure requirements of the insurance companies with that of listed entities. The Authority has also issued guidelines regarding the remuneration of the MD & CEO and the Non-Executive Directors. The guidance mainly relates to the various components of the remuneration, both fixed and variable, and the manner of payment of the same. The remuneration

The revised guidelines combine the stipulations regarding the Corporate Governance practices, appointment of MD/CEO/WTD and other Key Management Persons (KMPs) as well as the appointment of statutory auditors of insurers. The guidelines require all insurers to furnish a checklist to the Authority on an annual basis indicating the compliance position with regard to corporate governance stipulations.

and compensation policy and the payment of incentives should be under a Board approved policy and should be uniformly implemented across the organization. The following pictorial gives an overall picture of the corporate governance in action as envisaged by IRDAI policy:



Ease of Doing Business

By offering a transparent, easy experience where customers can interact with your business in the way they have grown accustomed to, insurers will gain a competitive advantage that will increase market share, profitability and reduce costs. Those carriers willing to adapt to these customer expectations should be well rewarded for their efforts with all their customers, especially in this increasingly lucrative market segment.

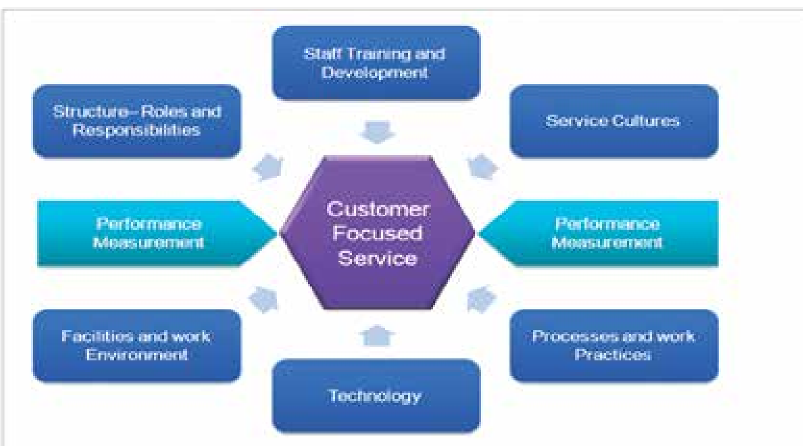
The customer-facing insurance expert sits at the nexus of trends in hiring, customer expectations, digital reinvention and integration of mobile, social, analytics and cloud technologies. The implications are wide and can be seen already in other industries, where they are more likely to make the difference and help more customers. Real-time continuous quality assurance, with the flexibility to enable specific processes, individuals or transaction types should be monitored in more detail. This is effectively a risk-based approach to quality assurance, enabling managers to focus more on higher exposure transactions and use the learning's from these to refine both processes and work distribution. Beyond just a safety net, insurance is an enabler for such consumers, allowing them to take risks and invest in business opportunities without worries of losing their earnings to an unforeseen event. Insurance for such emerging consumers is growing in global importance as various entities from state-backed public sectors and mutual companies to large-scale commercial insurers focus on this market. These three challenges can be mapped to the following external and internal success factors that will play an important role in developing this market.

Robust Performance Management

This market also presents a need for greater financial, operational and technical investment. A differentiated operational strategy backed by a dedicated organization, skilled manpower and robust performance management systems is critical for insurers to succeed. To fulfil the new strategy, every employee needs to be trained to understand what service excellence means to his or her role – as well as have the skills to fulfil it. Using an innovative IP conferencing and virtual classroom system, the company should deliver a global communication and education program that can embrace every employee. Businesses can assess their service proficiency in comparison to that of their peers by "eating their own service dog food." An effective method is the "mystery shopping" approaches, where analysts pose as buyers and seek customer service from your business. They can assess the speed, quality, consistency, and continuity of service across interaction channels—online, social, and phone, for example. They can then determine your market standing in service by repeating the same exercise with your competitors. This approach can help make a compelling business case to your Company for service investments. With focus on four key components – workflow automation, electronic content management, system integration, and information channel management – The New Business Excellence offering helps insurers innovate around processes automation. This, in turn, helps generate increased capacity within underwriting function. It helps you systematically analyze your needs and recommend build, buy, or reuse solutions for your existing new business system. Now, becoming an intermediary and then retaining one's license has become more difficult. So distribution channels have begun to shrink. But customers do benefit because better qualified, trained and long-term operators sell insurance to them.

Customer Service-A Critical Differentiator

Customer service is emerging as a critical differentiator for insurance businesses. The ability to have more effective customer interactions is hard to replicate and can produce lasting competitive advantage. Although customer service is clearly very important for winning new customers and retaining existing ones, insurance companies struggle to achieve acceptable customer satisfaction levels in their call centres. Cutting corners in service is no longer an option. Before insurance companies strategize in customer service, they need to know the role of service in their company's positioning and competitive differentiation. Is their company emphasizing service excellence in its annual reports, sales presentations, and employee communications? Once they have this understanding, they could use a simplified framework like the following, which includes four scenarios, to formulate a service strategy aligned with your strategic intent for service and the competitive service parity in the market space. Optimizing how a customer service query is routed and processed is critical to service excellence. A great way to uncover process gaps is to staple yourself to a customer service query, along the lines of the grievance redressal mechanism to identify gaps in the customer order management cycle. Lack of customer interaction is one of many factors that limit selling opportunities in the insurance industry. Consumers are increasingly bypassing distributors and using the Web to research products and prices. Insurance sales occur mainly by product silos, further limiting cross-sell and up-sell opportunities and making it difficult to differentiate products. But, to capture the full lifetime value of the customer, insurance companies should anticipate the needs of the customer as they move through life stages and strive to understand which channels their customers feel most comfortable interacting with.



Building Confidence of Policyholders

There could be several grievances that an insurance consumer has with the insurer. And there is a system in place to address the complaints. Rejection of the claims on purely technical grounds in a mechanical manner will result in a "loss of confidence" of policy-holders in insurance industry. If the reason for delay in making a claim is satisfactorily explained, such a claim cannot be rejected on the ground of delay. It is also necessary to state that it would not be fair and reasonable to reject genuine claims which had already been verified and found to be correct by the Investigator. The Consumer Protection Act aims at providing better protection of the interest of consumers. It is a beneficial legislation that deserves liberal construction. This laudable object should not be forgotten while considering the claims made under the Act. The complaints can relate to any grievance against the insurer, including those on claims and dispute with regard to: premium paid or payable, legal construction of the policy wordings, delays in settlement of claims and non-issuance of any insurance document to customers after receipt of premium. There is a big opportunity for the industry to step up its claim handling. The industry bodies should set up a neutral, professionally run grievance handling cell rather than depend upon the ombudsman or regulator. Insurance companies are trying to keep costs low without negatively impacting customer service. This tough task includes employing techniques that minimize contact center costs, such as decreasing call volume and handling times, and reducing workforce and overhead expenses.

New Ways to Interact

We are living in a world, which is getting digitized at a fast pace. In the financial world, too, digitization has been embraced in a big way leading to considerable savings in operational and transactional costs. The technology allows easy education of employees all over the world, without requiring anyone to travel. So the convergence of social, mobile, digital, analytics and self-service smarter commerce technologies offer new ways to interact and convince this desirable segment and others of becoming new buyers. The value of these technologies to insurance is fairly well accepted, but where to start is often a more near-term challenge. The technologies have implications for how insurance will operate, as well as who might be the unexpected emerging competitors within the insurance industry of the near future. However, the perspectives might just hurry past a critical link in the value chain, which is the value of the actual client-facing person using any new technology to serve – often the weakest link in deployment plans - when focus tends toward achieving value from the capital expenditure. Yet the customer still deals with a person in many transactions with insurance, so customer facing people offer actual differentiation potential – the agent, the broker or even the call-centre person that deals directly with the customer can make or break a current or future sale. So why do most discussions of these technologies focus on the automation, self-service and disaggregation effect with agents and service people, rather than empowering them and increasing their value? The point is the vigilant focus on the shiny new technology sometime underestimates the value of the people skills required to use it and achieve that value. Very soon, insurance policies would also be available in demat form as the IRDAI has already initiated the process to this end. The process would be successful only if it benefits the key stakeholders. For insurance companies, the process assures to be a paperless transaction and eliminates the cumbersome procedure of printing or issuance of duplicate documents, besides reduction in grievances for non-receipt of policy bonds. Providing customers with a seamless experience across all channels ensures that interactions are as consistent and efficient as possible, which will help to build a solid relationship with the customer.

Need Based Service

The Protection of Policyholders' Interests Regulations are not an end in itself. All the regulations made by the Authority keep this objective as the centre point. Insurers need to define their model customers. What services do they need? How do they want to communicate? Which prospective customers do they want to avoid? Align underwriting practices with the targets to make sure that company is offering the applicable coverage at an appropriate price to the right customers. Because customers don't interact with the contact centre on a frequent basis, insurance companies should consider initiating proactive contact to stay in touch with the customer. Insurance companies find that policy renewals increase with frequent communications leading up to the renewal event, and that the number of products sold per customer also increases. Within the life insurance industry, advisors really should view their book of clients as their most valuable asset and develop a plan around taking good care of them. Most important, they need to develop long-lasting personal relationships by keeping in touch regularly, both in good times and in bad. Insurers are leveraging various technology-enabled channels, such as mobile phones, to sell these insurance services, thereby reducing distributor and operating expenses. Insurance interactions usually involve multi-step business processes that may include multiple contacts with customers, service providers and other third parties. Today, customers are getting more sophisticated and more demanding. Also, the competitors are upgrading their systems, becoming more productive and improving. Insurance companies can implement cross-sell and up-sell strategies based on customer relationships, promote agent productivity and satisfaction and strive to transform their operations into dynamic contact centres that ensure an excellent customer experience across channels and increase customer loyalty.

> All insurers are within the jurisdiction of consumer fora in terms of Consumer Protection Act, 1986. The government has also put in place grievance redressal portals such as CPGRAMS, DARPG and PIMO portal, consumer councils, and dedicated consumer affairs departments in various government organisations and establishment of the institution of Insurance Ombudsman. Then there's the need to care about customers.

Matrics that Matter

Emerging markets are unique in terms of demographic and economic segmentation. Countries such as India have a more standard income-based segmentation. Insurers need to develop metrics that matter for a great customer experience; they should be able to see how focusing on a specific issue will impact not just satisfaction figures but also the bottom line. The budget for customer experience will never be an unlimited one and that means companies have to be able to determine their priorities in line with their customer needs and their business needs. What information would help them identify customers who are at risk of dropping their coverage or moving to a competitor? What would help them control claims costs or offer more competitive pricing to prospects? Setting tight objectives for research and analysis will help them avoid drowning in interesting, but not actionable, information. Insurers and intermediaries are expanding their sales focus down the pyramid to reach the emerging consumer. Depending on the specific market, some players are servicing the low-income customer segment through simple insurance offerings and third-party distribution. Nevertheless, the vast majority are conventional insurers targeting the current "top" of the pyramid. All insurers are within the jurisdiction of consumer fora in terms of Consumer Protection Act, 1986. The government has also put in place grievance redressal portals such as CPGRAMS, DARPG and PIMO portal, consumer councils, and dedicated consumer affairs departments in various government organisations and establishment of the institution of Insurance Ombudsman. Then there's the need to care about customers. It's truly frightening how many senior executives never, ever come into contact with a customer unless there's a huge complaint. How can they respond effectively to customer needs if they don't talk to customers? The people who influence the customer experience need to be brought into contact with customers and customer data and taught to understand them. It is important for insurers, investors and other stakeholders to invest in building this framework in their organizations to support the business transformations required to reach emerging consumers and achieve sustainable value. Operational excellence has its origins in markets such as the automotive industry where price and cost competition have led to greater customer-centricity, process efficiency and to various process improvement approaches. These are extremely critical in low-margin businesses. Insurers have used smart cards for enrolments, paperless insurance policies and straight-through underwriting processes to streamline their operations to serve low-income customers.

Regulatory Environment

There have been scores of regulatory guidelines, notifications and orders issued by the IRDAI. Each change is widely reported in the media and discussed and debated within the industry. The first trend is that insurers are being forced to focus on the customer. The use of the word "forced" is deliberate. Given that financial literacy in the country is extremely poor,

> Transformational programs are required to achieve operational excellence. This is where investment from insurers or private equity investors can bring true value — not just in the form of capital, but also technical knowledge and expertise to develop cost-efficient distribution channels and well-designed products, and to drive organizational change for profitability.

financial products such as insurance have been frequently mis-sold. Regulations are now forcing insurers and distributors to respect the rights of customers. There have been over 10 fundamental regulatory interventions that significantly improve the value proposition of insurance for the customers. The second trend has been to ensure better quality of distribution. The third trend of the regulations has been to establish strong financial practices that ensure solvency of the insurers. Many surveys indicate that customers do not trust private sector companies as much as government-owned insurance companies. This does not mean that there have not been misses in regulations. The most notable has been the delay in raising foreign direct investment (FDI) from 26% to 49%. Attracting FDI into the country can significantly improve the quality of products and customer experience. Though the number of insurance companies operating in India has increased significantly, hundreds of millions of people have limited awareness about the benefits of insurance protection and/or access to insurance services. India as a country still faces the challenge of 'under-insurance' in terms of insurance penetration and density. To address the challenge, it is imperative for IRDAI to maintain a delicate balance between the growth and sustainability of insurance business with focus on protection of interests of the policyholders as the central point. While technology is an important enabler for good customer management, it should not drive the business.

Transformational programs are required to achieve operational excellence. This is where investment from insurers or private equity investors can bring true value — not just in the form of capital, but also technical knowledge and expertise to develop cost-efficient distribution channels and well-designed products, and to drive organizational change for profitability. Providing insurance at an affordable price and benefits that the end customer values - this places high importance on product design. Many insurers have used existing operating models in innovative ways to reach the low-income consumer. A large private sector life insurer in India, for example, created a "top-up" life insurance product in 2008, offering low-income consumers pay-as-you-go options. This eliminated scheduled premiums for consumers that typically do not have a steady stream of income. Insurance market require holistic and sustainable solutions which are customer-driven, end-to-end focused and support innovation. Determine the appropriate operating model to ensure lean and straight-through processing of insurance policies. Map the organization and activity of the target operating model and governance structure. However, the more the market develops, the more it will merge structurally with the traditional insurance business in emerging markets and be enriched by new services and solutions.

An effective customer management strategy requires the development of a customer service ethos within the organisations. Therefore, the approach to customer management identifies the elements that need to be blended together to deliver the service. The foremost challenge for insurers in this market is the lack of systems and dedicated performance management tools to track profitability. India's insurable population is anticipated to touch 750 million by 2020, with life expectancy reaching 74 years. In addition, life insurance is projected to comprise 35% of total savings by end of this decade, as against 26% in 2009-10. The country is the 15th largest insurance market in the world in terms of premium volume, and has the potential to grow exponentially. This certainly makes a strong case for insurance companies to unlock value and tap stock markets for future expansion plans. But in the insurance industry, this is possible only with excellence in service. This is often missing because of a lack of investment or simply, a lack of focus by senior management. The truly exceptional organizations create a customer experience by anticipating its customer's problems and solving them before they arise. If customers don't encounter problems, it's much harder for them to become dissatisfied with what insurers do. Increasing downward pressure on costs, combined with more demanding regulatory requirements and increasing customer awareness – leading to higher levels of interaction for each customer, has meant that a further step-change is needed. Insurance has a clear social value for the emerging consumer. Low-income consumers need to be insulated from risk since they lack the accumulated capital to withstand adverse events. Apart from its advantages as a risk management tool, insurance enables low-income consumers to take calculated risks to emerge from poverty, make wise investments or assure their families will be provided for in case of an unforeseen event. Insurers need to develop a customer focused service culture such that it recognises the importance of contact management and this is reflected in its core operational priority and the behaviour of its personnel. IJ

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Service Excellence in Insurance

Abstract

This article aims at providing an outlook of the requirement of service in the insurance industry and some of the ways to improve the service excellence in insurance industry. Among the various methods, it can be concluded that the requirement of technical advancement in insurance industry is to be given the prime consideration.

Introduction

In the modern era, insurance industry is one of the sectors which is facing heavy competition in the market. This is a widespread phenomenon which is being experienced throughout the world. In Insurance Industry, the prime concern of any insurer should be the satisfaction of the customer. In this perspective, the insurer's responsibility should be considered from two angles. Preserving, protecting and up keeping the interest and standard of the company on one side and to satisfy the customers in order to cater their changing needs on the other side. At this Point, the role of service excellence comes into picture and this plays an important role in the Insurance Industry.

[1]Customer service in this industry is at a turning point and those organizations that embrace this will be the ones to sustain growth.

While considering the requirement of the customers, the insurer will have to think within the ambit of the following:

1. Maintain and act within the purview of the regulatory guidelines

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2. Up keeping and preserving the goodwill, reputation and rating of the company
3. Amenable to the changing and emerging trends in Insurance Industry

The following methods will help an insurance company to keep up the excellent service in insurance industry.

1. Keeping Good and Healthy Relation with the Existing Customers

Healthy customer relationship is very important since the price competitions are accelerating so fast in Insurance industry. It is human nature that most of the people would go for a comparatively lesser price and when there is a difference in the price offered from different companies, naturally they may opt for the lowest. In this scenario, the role of good relationship with the customers will trigger. Good relation with the existing customers will help us to convince and educate them more easily for not opting for cheaper price and thereby ending up with the poor services in return. The Insurers have to consider the changing needs of the customers as well and act in a timely manner. Previous experience of the customer with an insurance company plays an important role in maintaining the existing business with that customer and the likelihood and chances of the future buying will depend on the previous experience. Call center executives can play an important role in getting the feedback from the customers and upon the feedback, they can very well identify the angry customers and can analyze and recommend suggestion for improvements. Not only that, the challenging calls should be handled carefully.

2. Speed and Accuracy

This is essential to retain the existing customer as well as the new customers and to upkeep the excellent service rendered by an entity.

Customers expect the response and /or documentations in their hand immediately after their submission of request or acceptance of the offer as the case may be. This must be handled carefully with immediate responses without any delays which help the company to provide excellent services.

3. Importance of Proactive Contacts and Actions

While considering the policy expiry and renewals, the insurers should act proactively that is at least two months prior to the expiry of the policy (subject to statutory requirement on each country). Each company have to ensure that almost 95% or more of the expiring policies are renewed and for the policies which are not renewed, the reason for non renewal is obtained from the Customer on a monthly basis. At this juncture, while analyzing the reason for non renewal, the company will be able to know the stand of each customer and thereby analyse the standard of service which is provided by the company to the customers. For this, there should be proper tracking and system generated reports. Also the company should always ensure that the customers are kept updated about the status of their existing policy and the new implementations in the company.

4. Procuring New Business

Business Development is one of the main criteria in insurance industry The Company must use the different possibilities for procuring new business as well, along with the existing business. In order to get the new business, different methods are to be used such as media advertisement, opening new branches, enhancing and improving the service of the agents, call centers etc. Call center executives should be able to give a proper answer to the customers. For this, they should be well educated and trained on the different insurance products and their response should never leave a room for unsatisfied customer.

5. Social Media

Social Media is fast growing and the general public are more active in the usage of web services and social medias. This should be used wisely and effectively by the insurance companies for getting more closer with the people. This can be considered as one of most effective mode of communication at the present age which bring the people more closer. The company should utilize the web services such as whatsup and other applications for communicating with their customers.

> In this scenario, the role of good relationship with the customers will trigger. Good relation with the existing customers will help us to convince and educate them more easily for not opting for cheaper price and thereby ending up with the poor services in return. The Insurers have to consider the changing needs of the customers as well and act in a timely manner.

6. Online Purchase

Certain products such as travel insurance, Motor Insurance, Personal Accidents, other life Insurance products should be made available through online which is just a few clicks away from the customer. Earlier, the company used to sell these products by conservative methods such as through intermediaries like agents, brokers, through direct selling for those who directly approaches Insurance company. By introducing many products which can be made available for buying through online, there will be uniqueness in prices and the product features.

While the customers decide to buy online Products, they will take in to consideration the history of the company, the quality of the services rendered by the company and the Price comparison among the various insurance companies.

[2]According to a report by McKinsey, when it comes to dealing with insurers, customers expect the following service: simplicity; 24 hour access across every channel; be able to quickly find relevant information, particularly in relation to policy details and premiums; and innovative services tailored to the digital age.

[2]Today's consumers expect more than just competitive prices and good quality products. Being task-rich and time-poor, today's customers are putting more value in companies that are able to provide them with a quick and convenient service that fits perfectly into their busy day-to-day lives.

7. Maintaining Confidentiality

As in all other sectors, insurance industry also should maintain the client confidentiality and is to be careful for not passing on any vital client information outside their business circle.

8. Impart Training to the Employees and Conducting Meeting

Training of Employees within the department and department wise meeting are vital factor to excel the service. This must be an ongoing bimonthly or quarterly process to be compulsorily complied with by each company. Training is one of the most important step which is to be initiated by the companies since this helps to improve the technical knowledge of the employees which in turn will help much in upkeeping the standard of the company. This will also ensure the improved level of confidence among the employees for dealing with the clients. When new products are introduced like tailor made policies or comprehensive covers or new products which are available in the markets, the employees should be aware of the products. Introduction of new IP portal by international markets are now becoming very common. For the employees to be user friendly with this portals and their updates if any, they should be given proper training.

9. Upto Date Data Base and Sophisticated IT System

In the modern era, books for different portfolios are maintained by the insurance industry in the system data base. Some companies may be still using the outdated systems which consumes more time in generating policies which will take out most of the valuable time. Outdated systems are to be updated to impart speed service.

Souces says that [3] "Digitilisation can lead to more engagement with the customer. PwC research found that 68 per cent of consumers would be willing to download and use an app from their insurance provider; two-thirds (67 per cent) would be willing to have a sensor attached to their car or home, if it meant a reduction in premiums."

Conclusion: In brief, technology plays an important role in the insurance sector both in imparting excellent service to the customers as well as in maintaining the company's reputation. The company should ensure the best to the Customers since the Insurance industry is a service oriented industry. At this point, the words of Albert Einstein that "Strive not to be a success, but rather to be of value", is to be remembered. Excellent service keeps customers cheerful. In order to maintain a healthy relation, the Insurance companies should act with utmost good faith on the one side whilst the Insured should not suppress any material facts known to them and should not misrepresent facts. Only when the Insurers and the Insured start having more meaningful and closer interactions, better service can be expected in the insurance sector.

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Measuring Customer Loyalty with Service Quality and Customer Satisfaction in Life Insurance

Abstract

Life insurance is a contract between policyholders and an insurance firm. The purpose of the study is to examine customers' loyalty in the insurance industry. The aim is to assess customer loyalty of insurance attributes and to determine the factor structure of service quality and customer satisfaction. A modified SERVQUAL scale was used to evaluate service quality of perceptions and expectations, including four items for customer satisfaction and five items for customer loyalty from the life insurance policy holders. Data was collected for three insurance companies' policyholders (India), using a self-administered questionnaire. The study results indicate rather high expectations of policyholders about service quality and satisfaction. The results of the quantitative assessment of customer loyalty may offer some insights on how customers rate the service and satisfaction of an exacting insurance firm. Thus, the findings may be used as a guide for insurance employees, legislators and agents to improve the key quality attributes and enhance customer satisfaction and business performance to keep customers loyal.

Keywords: loyalty, satisfaction, service quality, life insurance

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1. Introduction

Service quality, customer satisfaction, and customer loyalty has lately been emerging as key constraints for both researchers and practitioners. Life insurance is a contract that pledges payment of an amount to the person assured (or his nominee) on the happening of the event insured against. The contract is valid for payment of an amount on the date of maturity or specified dates at periodic intervals or unfortunate death, if it occurs earlier . Better service quality is a significant contributor of customer satisfaction. Loyalty makes customer ready for long-term business relationship. Carman (1990) suggests to discuss this subject of perception-minus-expectation gap scores and makes several useful suggestions that are worthy of additional research. Satisfied customers maintain continuous business with the particular firm and also encourage their friends and family members to do business in the existing firm. The firm retains its existing customers through delivery of quality service that the customer expects of them.

Research Objectives: The current research study attempts to find the impact of service quality, customer satisfaction and customer loyalty. The study has several objectives. The first objective is to measure the factors influencing policyholders loyalty in life insurance. The second aim is to establish the number of dimensions of service quality in life insurance, using a modified SERVQUAL model. Finally, the third objective is to evaluate the most important factors determining policyholder's satisfaction of the life insurance firm.

Research Questions: The following research questions were addressed: What levels of service provision are needed to retain customers and create loyalty? What aspects of service are most important for customer retention? (V. A. Zeithaml, 2000). What level of service quality is required to be delivered to retain customer. Moreover, this writing will try to highlight the underlying causes behind customer satisfaction of the insurance companies in India.

There are many studies that have focused on analyzing service quality in life insurance sector, there have been few studies that have focused on factors liable for making loyal customers of existing policy holders. The current study addresses this research gap by incorporating service quality, customer satisfaction, and customer loyalty into one conceptual model.

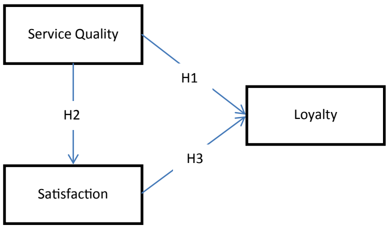
This research results can be used as a guide for life insurance agent, insurance official and policymakers to improve the key quality trait and enhance customer satisfaction and business performance for making the customer loyal.

This paper is organized as follows. The First section, which has been already discussed, gives an introduction of the study, its objectives, and research question. The second section considers the literature review part of service quality, customer satisfaction and customer loyalty. In section three, the research frame work is laid out, which deals with questionnaire and measurement, sample selection, data collection, reliability and validity. The fourth section considers the results and discussion. The fifth and final discusses the limitations of the study and future directions.

2. Review of Literature

Brown and Swartz (1989) measure service quality through expectation and experience with physician services. Service quality is given as the comparison of service expectations with actual performance perceptions (Bloemer, De Ruyter, and Wetzels, 1999). SERVQUAL (Berry, Parasuraman, and Zeithaml, 1988) is a widely used and accepted gap analysis model. Deng, Lu, Wei, and Zhang (2010) identify customer satisfaction and loyalty through trust, service quality, monetary, functional, emotional and social values. Customer perceived value is a supplement and not a substitute for customer satisfaction (Eggert and Ulaga, 2002). Olorunniwo and Hsu (2006) found a need for service managers to develop approaches and procedures focusing on service quality factors, that can lead to enhance satisfaction, which in turn can lead to favorable behavioral intention.

Research Framework



Proposed Research Model

Hypotheses: A total of six hypotheses were developed to evaluate the proposed model.

$H1_0$: There is no relationship between service quality and customer loyalty.

$H1_a$: There is a relationship between service quality and customer loyalty.

$H2_0$: There is no relationship between service quality and customer satisfaction.

$H2_a$: There is a relationship between service quality and customer satisfaction.

$H3_0$: There is no relationship between customer satisfaction and customer loyalty.

$H3_a$: There is a relationship between customer satisfaction and customer loyalty.

3. Data and Methodology

A modified SERVQUAL scale was used to measure service quality of perceptions and expectation, four items for customer satisfaction and five items for customer loyalty are used to measure the loyalty potential of life insurance policy holders. Data was collected from policy holders of three life insurance companies, using a self-administered questionnaire.

The dependent variable in this study was taken as customer loyalty. One of the key research instruments for measuring quality in service industries is the servqual model, developed by (Berry et al., 1988). The model contains 22 items for assessing customer perceptions and expectations regarding the quality of service. A level of agreement or disagreement with a given item is rated on a seven point Likert-type scale. The level of service quality is represented by the gap between perceived and expected service. The servqual model is based on five service quality dimensions, namely Tangible (4), Reliability (5), Responsiveness (4), Assurance (4), Empathy (5), Social Responsibility (5).

Customer loyalty used the five item scale proposed by (Valarie A Zeithaml, Berry, and Parasuraman, 1996) which demonstrated a reliability of $\alpha = 0.930$. Customer satisfaction used a four item, scale prescribed by Olorunniwo and Hsu (2006) which demonstrated a high reliability of $\alpha = 0.938$. All multiple-item scales in this study were measured on a seven-point Likert-type scale.

The insurance policy holders were residents of Tiruvannamalai, Villupuram and Vellore[1] who held insurance policies in ICICI life, LIC and SBI Life[2] insurance companies.

Previous research considered three geographical areas of survey as being more reliable (Bala, 2011; Rand, 2004; Siami and Gorji, 2011). The snowball sampling procedure was followed to select the sample. The questionnaires were sent to qualified policyholders via friends and family members through email and other electronic channels. Data collection through using both physical form of questionnaire and online questionnaire was used in this study, in physical form, 148 responses were obtained. One hundred and fifty nine online responses for the questionnaire were collected. The total sample size as 307. Online questionnaire was designed using Google docs, and the links were sent to insurance agents, friends and relatives. To identify the customers of life insurance company policy holders through the referral chain (Biernacki and Waldorf, 1981), request for participating in the survey were sent through email and mobile. The collected data were analyzed using the SmartPLS 3 (Ringle, Wende, and Becker, 2015). Descriptive statistical analysis, exploratory factor analysis and confirmatory factor analysis were carried out in this study.

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The assessment of questionnaire reliability-internal consistency is feasible by Cronbach's α (Cronbach, 1951), which is measured as the most significant reliability index and is based on a number of variables/items of the questionnaire. In all cases, the values obtained are acceptable, the reference value of 0.80 for composite reliability (Hair, Black, Babin, and Anderson, 2010, pp. 649-651).

1. These three districts are progressive area of southern part of India.
2. LIC is public sector and remaining are private insurance company, IRDA annual report 2013 -2014

4. Discussion

The details of demographic profile of the respondents are depicted on Table 1.

Table 1 - Basis Data of the Research Sample (N=307)

Population Characteristics		N	%	Population Characteristics			N	%
Gender	Male	194	63		Geographical	Tiruvannamalai	122	39.7
	Female	113	37			Villupuram	93	30.3
Marital	Married	186	61			Vellore	92	30
	Unmarried	121	39		Profession	Salaried	200	65.1
Age (Years)	18 to 25	53	17.3			Own Business	62	20.2
	26 to 35	130	42.3			Unemployment	44	14.3
	36 to 45	92	30		Life Insurance Company	ICICI Life	56	18.1
	46 to 55	23	7.5			LIC	144	47.2
	Above 56	9	2.9			SBI Life	45	14.7
Education	School	12	3.9			More than One	61	20
	UG	55	17.9		Income INR = (₹)	Less than ₹ 7000	51	16.6
	PG	207	67.4			₹ 7001 to ₹ 15000	103	33.6
	Technical	28	9.1			₹ 15001 to ₹ 25000	83	27
	Others	5	1.6			₹ 25001 to ₹ 40000	54	17.6
Residential	Rural	123	40.1			Above ₹ 40001	16	5.2
	Urban	184	59.9					

The indicators of the measurement model must also show reliability; their standardized loads, according to Hair et al. (2010) must have values greater than 0.70. In Table 2, it is seen that most of the loads of the indicators exceed this value, thereby assuring reliability and validity of the measurement instruments.

Convergent Validity: To check convergent validity, each latent variable's Average Variance Extracted (AVE) is evaluated. Again from Table-2, it is found that all of the AVE values are greater than the acceptable threshold of 0.5, so convergent validity is confirmed.

Table 2: Results Summary for Reflective Outer Models

Latent Variable	Indicators	Loadings	Indicator Reliability (i.e., loadings^2)	Cronbach's Alpha	Composite Reliability	AVE
Service Quality	P_Tangible	0.929	0.863	0.959	0.968	0.859
	P_Reliable	0.952	0.906			
	P_Responsive	0.916	0.839			
	P_Assurance	0.950	0.903			
	P_Emapthy	0.884	0.781			

Latent Variable	Indicators	Loadings	Indicator Reliability (i.e., loadings^2)	Cronbach's Alpha	Composite Reliability	AVE
Satisfaction	SAT1_1	0.921	0.848	0.929	0.950	0.825
	SAT2_1	0.909	0.826			
	SAT3_1	0.908	0.824			
	SAT4_1	0.894	0.799			
Loyalty	LOY1_1	0.910	0.828	0.943	0.957	0.815
	LOY2_1	0.900	0.810			
	LOY3_1	0.915	0.837			
	LOY4_1	0.909	0.826			
	LOY5_1	0.879	0.773			

Discriminant Validity: Fornell and Larcker (1981) suggest that the square root of AVE in each latent variable can be used to establish discriminant validity, if this value is larger than other correlation values among the latent variables.

Table 3: Fornell-Larcker Criterion Analysis for Checking Discriminant Validity

	Loyalty	Service Quality	Satisfaction
Loyalty	**0.903**		
Service Quality	0.750	**0.927**	
Satisfaction	0.818	0.788	**0.908**

The latent variable loyalty AVE is seen to be 0.815 (from Table-2) and hence its square root is 0.903. Similar observation is also made for the latent variables service quality and Satisfaction. The result indicates that discriminant validity is well established.

R Square: The R^2 values of 0.25, 0.50 and 0.75 represent explanatory power of the latent variables as low, medium, and significant, respectively. The present research, R^2 value of loyalty is 0.698 and satisfaction is 0.621. Both are significant.

Collinearity Statistics (VIF): The indicators VIF values are lower than 10 and their tolerance values are larger than 0.2, so there is no collinearity problem(Kline, 2005). The variance of the estimated coefficient of P_Assurance (5.845), P_Empathy (7.961) and P_Responsibility (9.040) is highly correlated with at least one of the other predictors in the model.

Model Fit: SRMR is defined as the difference between the observed correlation and the model implied correlation matrix. A value less than 0.10 or of 0.08 (Hu and Bentler, 1998) is considered a good fit. The present model SRMR value is 0.035.
The Chi-square value is 403.35. The NFI results in values between 0 and 1. The closer the NFI to 1 is the better the fit. NFI values above 0.9 usually represent acceptable fit. The present study NFI value is 0.920 is acceptable good fit.

Table 4 - Results of Hypotheses Test

Hypothesis	Path	Coefficients	Standard Deviation	T Value	P Values	Remarks
H1	SQ -> Loy	0.278	0.054	5.135	0.000	support
H2	SQ -> Sat	0.788	0.026	29.771	0.000	support
H3	Sat -> Loy	0.599	0.052	11.540	0.000	support

Among the factors shown in Table 4, the perceived service quality and satisfaction significantly affect customer loyalty.

5. Conclusion

The empirical study and the results offer important evidence for managers and agents, specifically, the delivery of quality service to the customer; customer's level of satisfaction and achievement of final loyalty. This is of importance to the life insurance industry. Service quality and satisfaction positively influences customer loyalty of life insurance.

6. Limitation and Extension

This study is subject to many limitations. First, there are uncertainties in the definition of service quality, customer satisfaction and customer loyalty. Second, sample areas are restricted to three insurance companies out of twenty four and cover only three districts. Identification of respondents in each category is difficult. Finally, the study focused on existing policy

holders of life insurance only and it is not concentrating on lapsed or switched policy holders, agents, and insurance employees. TJ

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(Endnotes)

[1] BIMA SAMADHAN education series by LIC of India advertisement published on Newspaper Indian Express, Mumbai publication dt on 2.5.15 Saturday page no.3

Expeditous Claim Settlement as the Best Market Differentiator

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Underwriting and claims settlement are the two most important aspects in the functioning of an insurance company. In the present highly competitive and economically challenging environment, claims settlement can serve as a market differentiator that puts insurance companies at the forefront of industry leadership and innovation. Claim is a moment of truth as far as an Insurance policy is concerned. It is the culmination of the insurance contract. The expectation of the policyholder is whenever the claim amount has fallen due; the insurer honours the claim and makes the payment of the insured amount at the earliest and with least possible inconvenience. The efficiency of claim handling is a test of the customer service orientation of an insurer. To be successful, insurers need to improve the operational efficiency of their claim organisations and build an operating model that can minimise claim costs as well as eliminate the unnecessary expenses associated with claims handling. Implementing effective supporting technology to improve claims management across the organisation is an important step in this direction. However, supporting technology is only one part of a total claim improvement initiative. Often overlooked are the people and process components of a more holistic improvement initiative, something that packaged solutions are not necessarily positioned to address. Claim has a different impact on the policyholder/ claimant and the insurer. In case of a claimant, the claim amount is the benefit whereas for an insurer it is expenditure.

A claimant would expect the payment of the due amount in time without facing any hardship whereas the insurer would want to pay the claims only after due satisfactory compliance of all the requirements for making the payment in accordance with the policy terms and conditions.

Claim Handling is a Critical Function

Claim best practices look fantastic when they are mapped on whiteboards, but often fall short when insurers do not have the ability to execute them. Moreover, each claim settlement process requires a customised approach that takes into consideration the specific characteristics of the claim. A strong case management platform helps insurers integrate legacy improvement assets into claim improvement strategies. Insurers can use latest technology to unlock these static tools and achieve functionality that previously was not possible.

The information asymmetry in so far as the understanding of the insurer and the policyholder/ claimant and the interpretation of clauses of the insurance contract is one of the main reasons for disputes relating to claims. Delay in the settlement of claims creates undue hardship to the claimants who are already reeling under the impact of the loss caused to the subject matter of insurance. Repudiation of claims either fully or partially makes the claimant feel that the entire exercise of taking an insurance policy was futile and the premium paid was only an item of expenditure without any commensurate benefit. If the reasons for delay in settlement of claims and the reasons for partial or complete repudiation of claims are not informed to the claimant with clarity by the insurer, the claimant is left with no other option but to raise a dispute. Once a dispute is raised and the same is not resolved or explained with reasons, the policyholder/claimant loses trust in the insurer. Thus, there is little possibility that the claimant would take/ renew insurance with the insurer, thereby affecting new business or persistency. Further, the negative publicity about the unreasonable rejection of claims also can affect the potential of sourcing of new business or renewals by the insurer. On the part of insurer, paying of all claims without proper examination can result in a situation where fraudulent claims also get entertained and paid. This would severely impact the financials of the company putting in jeopardy the very solvency of the insurance company. Therefore, the claim handling is a critical function of an insurer, which has to be carried out with diligence and prudence without adversely affecting the customer service.

Impact of Mis-Selling on Claims

The right case management solution can break down claim processes into an infinite number of sub-claim units, each of which is able to be routed, managed and monitored individually, while still providing insight and control. Adjusters and managers can leverage real-time analytics to get comprehensive views of claim operations any time. They have the ability to view and re-route work as needed, enabling a dynamic response to complex claims or shifts in work volume. Insurers can use this insight to drill down into specific tasks to understand which processes are working well, and which are not.

Complaints on unfair business practices affect the sentiment about the insurance sector in general and life insurance sector in particular. This would significantly impact the initiatives aimed at enhancing the level of insurance inclusion as measured by indicators such as insurance penetration and insurance density. Increased incidence of mis-selling can adversely impact growth in the insurance industry which in turn would impact the availability of long-term funds for economic development from the insurance sector. Hence, while there is a need to assess and eradicate mis-selling from insurance industry, there is also a need to reassure the general public that the regulatory framework of life insurance business is sound enough to protect policyholders' interests and grievances, if any, are capable of being resolved by insurers or settled/ adjudicated by insurance ombudsmen or consumer fora. Insurers have also been taking the issue of misspelling seriously by doing a root cause analysis of mis-selling complaints to identify the

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major causes and have taken steps to prevent or reduce mis-selling through steps to ascertain suitability of product, place controls on the various channels, tuning it based on the vulnerability of the channel and have a strategy on dealing with complaints of mis-selling. Insurers are now conducting sales audit of the proposals that satisfy certain vulnerability criteria like Proposals from Senior Citizens, Premium payable not commensurate to the declared sources of income etc. to ensure right selling. Further, every insurer has a Board approved insurance awareness policy containing the strategy and efforts to build awareness among customers. In addition to the action taken by IRDAI based on the examination of complaints by the insurers, Insurers also take up action against the agents or intermediaries in the form of issuing warning letters, terminating employees, filing police complaints and most commonly resorting to claw-back of commission wherever the policies have been cancelled as a consequence of proven mis-selling.

> Claim related complaints constitute nearly 43-53% of general Insurance complaints. This clearly shows that claim handling is a serious customer service issue in the general insurance industry, which needs immediate attention. There has been a general reduction of claim related complaints life insurance claims and in respect of general Insurance, there is an increase of about 4% compared to the previous year.

Intermediaries in Handling of Claims

Insurers can apply precautionary concepts to track, measure, and report on an infinite number of sub-units under the primary claim event. This drives best practice processes and can be extended to other lines of business; it also gives insurers the flexibility to systematically integrate claim processes that are historically segregated or require manual intervention - a must for insurers trying to contain overall claim costs or bundle new product offerings. Surveyors and loss assessors in non-life and third party administrators in health insurance are the most important intermediaries who have a significant role in claim handling. Ensuring that these intermediaries function properly is the most critical to the discharge of claim related functions by insurers. Surveyors and loss assessors are appointed by the insurer for surveying and assessing the loss caused when a claim is reported. The report is required to be furnished to the insurer. The insurer decides upon the claim and may use the report of the surveyors and loss assessors but is not bound by it. The timeliness in appointment and conduct of survey and furnishing a report, the professionalism displayed in their functioning and the quality of the report determines the speed and quality of settlement of claims by insurers. In case of health insurance, Third Party Administrators are the most important intermediaries handling policyholder servicing issues. Providing of cashless facility and settlement of reimbursement claims is facilitated by TPAs. The professionalism in conducting both these functions determines the smoothness of claim handling by insurers.

Redressal of Claims Related Grivances

General insurers rely heavily on claim organisations to maintain high customer satisfaction, minimise risk and loss exposure, as well as delivering strong operating results. These are no small tasks, especially when one considers the unique challenge that a claim organisation faces: when customers need its services, the organisation has only one chance to deliver. One negative experience reaches well beyond a complaint to a neighbour nowadays. Once a claim has been unduly delayed or repudiated by the insurer, there is a cause of complaint. The claimant takes up the matter first with the insurer. All the insurers have put in place internal mechanism to deal with such grievances and resolve them. The resolution of claim related complaints also generally includes review of the decision on claims by a Committee. After review, the decision on the claim is conveyed to the complainant. Once the complaint is not internally redressed, the claimant is forced to seek adjudication of the dispute. For this purpose, he may approach an insurance ombudsman, consumer forum or a civil court and later take it through the appellate channels if redress is not to his satisfaction. The statistics on claim related grievances indicate that in the Non-Life Sector, claim related complaints constitute a major proportion to the total complaints as compared to the life insurance sector. The data relating to claim related complaints as obtained from the Integrated Grievance Management System, is as follows

Year	No. of Claim complaints	% increase / decrease compared to last year	Total complaints	% of Claim related complaints to total complaints
NON-LIFE COMPLAINTS				
2013-14	27409	(-) 8.77	63335	43.28
2014-15	26467	(-) 3.43	60688	43.61
2015-16	26480	0.05	59083	44.82
2016-17	27637	4.37	52104	53.04

Source: https://www.irdai.gov.in and IRDAI Annual Reports

Claim related complaints constitute nearly 43-53% of general Insurance complaints. This clearly shows that claim handling is a serious customer service issue in the general insurance industry, which needs immediate attention. There has been a general reduction of claim related complaints life insurance claims and in respect of general Insurance, there is an increase of about 4% compared to the previous year. While the volume of complaints in relation to total number of claims is very small, the problems faced by the complainants cannot be wished away given the inconvenience caused to them.

Framework for Expeditious Claim Disposal

An insurer can now face scrutiny from an entire social network. Increasingly, insurers are striving to achieve better operational efficiencies while simultaneously maintaining or improving claimants' experience. While this tenet holds true for most insurers, back-office claim units are not necessarily equipped with systems they need to ensure satisfaction. Claim management functions have a direct impact on an insurer's expense and combined ratio; they must balance costs against service carefully and still deliver every time. More and more, the strategy to attract and retain customers includes tactical plans for tailoring the claimant's experience. IRDAI (Protection of Policyholders' Interest) Regulations, 2002 constitutes the regulatory framework for the protection of policyholders' interests. In terms of Regulation 5, every insurer should have in place proper procedures and an effective mechanism to address complaints and grievances of policyholders efficiently and speedily. Regulations 8 and 9 deal with claims procedure in respect of life insurance and general insurance policy respectively. IGMS is the regulatory framework and institutional arrangement for processing claims expeditiously and resolving grievances relating to claims. The major claim related complaints as per IGMS are as follows:

1. Insurer not disposing of the claim.
2. Difference between the amount claimed and the amount settled by the Insurer
3. Insurer reduced the quantum of claim without providing proper reasons.
4. Insurer failing to offer settlement of claim after receipt of survey report.
5. Delay on part of the TPA to arrange claim Reimbursement

Insurers can eliminate misinterpretation and manual workarounds by using intent-driven service experience that dynamically applies best practices at each interaction. This approach can be leveraged to anticipate a policyholder's needs, while addressing concerns rose via web, phone or email. Imagine the power of being able to anticipate and respond to a claimant's needs before they ask the question (or to dynamically assign work to a glazier when the customer provides notice of loss). Insurers themselves also take several steps for better claims handling. The steps include giving the claim related documents and the list of documents to be submitted along with the policy document itself, having a claim review committee headed by independent persons of repute from the industry / judiciary. The monitoring, supervision and constant interaction with the intermediaries like surveyors/

loss assessors, TPAs etc. also enables these intermediaries to perform their responsibilities in accordance with regulations issued by IRDAI and the Code of Conduct specified for them. Insurers have to strictly follow the Turnaround Time (TAT) for claims related services as per the Regulations, which is as follow:

NON-LIFE INSURANCE CLAIMS		
S.N.	**CLAIM SERVICE**	**TURN AROUND TIME**
1.	Surveyor appointment	72 hours
2.	Survey report submission	30 days
3.	Insurer seeking addendum report	15 days
4.	Additional report submission	3 weeks
5.	Offer of settlement/Rejection of claim after receiving 1st/addendum survey report	30 days
6.	Payment after acceptance of offer of settlement	7 days

Source: https://www.irdai.gov.in and IRDAI Annual Reports

Claims and Litigation

The basic principle on which insurance operates is 'uberrima fides' i.e. principle of utmost good faith. The good faith is applicable equally to insured as well as the insurer. The insured gives all the information required in the proposal form and the insurer has to give the information about the products like terms, conditions, warranties and exclusions in documents of offer like prospectus, brochure, advertisement etc. and also make them part of the policy document. The fine print of insurance policy and the legalese in the wording of policy terms and conditions makes it an unequal bargain from the customer's point of view. Since the insurer knows only those things about the insured and the risk as is disclosed by him in the proposal, any failure to disclose renders the position of insurer difficult. The insured has chosen to buy the insurance product and is presumed to have satisfied himself about the product as the principle of 'caveat emptor' or 'buyer beware' applies to insurance as well. However, considering the several terms and conditions in the insurance contract which are presented in highly technical legal terms, literal application of the principle to largely financially illiterate insured persons would shift the balance heavily in the insurer's favour in case of any dispute in enforcing the obligations under the insurance contract. As the decision to underwrite a policy is supposed to be taken by the insurer after obtaining all information necessary for understanding the risk and the policy terms and conditions being standard forms drafted by the insurer, while interpreting the clauses of contract, any unclear term is interpreted in favour of the insured and against the insurer. The interplay of these principles provides reason for disputes in insurance.

In order to provide a separate forum for dealing with cases relating to third party claims in case of motor accidents, the Motor Accident Claims Tribunals have been set up under the Motor Vehicles Act. Several of these Tribunals are in operation across the country. The number of cases pending before these Tribunals is huge and the time taken for disposal owing to the involved processes is substantial. There is no finality to the decisions as cases where the claimants feel that the compensation

In order to provide a separate forum for dealing with cases relating to third party claims in case of motor accidents, the Motor Accident Claims Tribunals have been set up under the Motor Vehicles Act. Several of these Tribunals are in operation across the country. The number of cases pending before these Tribunals is huge and the time taken for disposal owing to the involved processes is substantial.

ordered is too low, they go for Appeal to the High Court and where the insurer feels that the compensation ordered is too high, the insurer goes on an Appeal leading to increased number of appeals before High Court and if further appealed against, before the Supreme Court. The difficulty in resolving disputes about motor accidents arise of the onerous task of assessing the value of human life lost in the accident and there can always be divergence of views of either party leading to litigation and escalations in the form of appeals. In addition to these, disputes regarding claims in other non-life insurance policies, which are not on personal lines, are taken up before Civil Courts, where long time is taken in deciding the matter, owing to the involved processes. Even after decision of the Court is received, there is the option of Appeal leading to delay in finality of the decision.

COURT / FORUM		LIFE	NON-LIFE
		No.of Cases	No. of Cases
Consumer Forum	District Level	15270	50723
	State Lever	5088	19684
	National Level	299	2352
Civil Court		8874	6933
High Court		156	2770
Supreme Court		8	983
MACT Related	MACT	NA	889239
	State Level	NA	180400
	National Level	NA	557

Source: https://www.irdai.gov.in and IRDAI Annual Reports

Procedural Awareness

Most claimants are not aware of the claim procedure. A positive approach to claim management provides insurers with the flexibility to offer tailored solutions to their customers and better align customer needs with business objectives. This improvement ultimately boosts key performance indicators, which will undoubtedly impact operating results in a positive way. Insurance awareness can help persons taking insurance to be more aware about the nuances of insurance, what to disclose and what to look for in an insurance product, how to understand the insurance product and comprehend the terms, conditions, exclusions and warranties in the insurance policy. When this meeting of minds of insurer and the policyholder/claimant about mutual rights and obligations is there, disputes warranting litigation would not arise. In non-life insurance, underwriting includes risk assessment. Therefore, suggesting the suitable insurance policy and also mechanisms of mitigating risks can be an important service provided by the insurer to the policyholder. Building insurance awareness and bringing in more transparency in policy terms and conditions through simplification of language can help in interpretational problems in claim handling, avoiding an important reason for a lot of litigation in claims. Insurers should have proper systems in place for quick and proper handling of claims. Providing a reasoned and timely decision about the claim can help mitigate the agony of the claimant in approaching various channels only to understand why there is a delay and what is the reason for repudiation of claim in full or in part. A suitable mechanism at the insurer's level to ensure that this information would be provided promptly would reduce the number of complaints relating to claims.

Efficiency is much higher in in-house settlement of claims—cashless or reimbursement. Dealing directly with the insurer and its direct control over the service level and settlement gives customers a much higher comfort level. Disputes in insurance are basically disputes in contract and have to be taken up with the civil court. To provide adequate scope for settling the disputes through alternate dispute resolution mechanisms, the institution of Insurance Ombudsmen has been created by Government of India under the Redressal of Public Grievances Rules, 1998. However, only disputes on personal lines of insurance on only 5 grounds of complaint and where compensation sought is less than ₹ 20 lakhs can be taken up with the Insurance Ombudsman. Absence of mechanisms of appeal against Awards or for enforcement of Awards make the legal recourse the only alternative for persons or insurers aggrieved by unsatisfactory Awards. In case of commercial lines of insurance, while resolution through Arbitration and Conciliation is provided for, the Arbitration Awards do not provide finality leaving room for litigation even after arbitration. Further arbitration clause is provided in general for partial repudiation cases of claim and not in cases of denial of claim. The delay in resolving a case before the District Forum and the several years taken in disposal of appeals by the State Forums and National Forum because of the huge volume of cases pending before these Fora have rendered the recourse to Consumer Fora ineffective in the expeditious resolution of insurance related disputes. Therefore, over the years, insurance has grown to be not only a subject matter of solicitation but also a fertile ground for litigation. A straitjacketed formula is difficult to implement. However, there is sufficient scope of settlement of disputes at the earliest to save the financial burden. After all claim settlement is the reason of existence of insurers and better settlement record puts insurance companies at the forefront of industry leadership and innovation. IJ

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http://www.policyholder.gov.in/

https://www.irdai.gov.in and IRDAI Annual Reports

A Comprehensive Study on Working and Challenges in the Functioning of Pradhan Mantri Fasal Bima Yojana

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Abstract

In the wake of reports regarding the distress in the agricultural sector and the plight of farmers, the need for a structured scheme made the Government to initiate the ***Pradhan Mantri Fasal Bima Yojana (PMFBY)*** concerning almost all aspects of Agriculture Insurance in Public Private Partnership (PPP) Model. This study based in Karnataka, India lays focus on understanding the modus operandi and the challenges of the said Yojana. Considering the nature and intensity of the topic, primary method of data collection, particularly interview method has been adapted. Government officials, Insurance company representatives, Bank managers and Farmers were interviewed. Department of Agriculture was one amongst the respondents contributing to the findings. The paper contributes a framework depicting the structure and working of the Yojana. The study is an exhaustive examination of the plan of Government of India to fathom Agrarian Insurance. The findings highlight the potential of the yojana to grow in the upcoming time, provided the challenges are addressed in a functional manner.

Keywords

Agricultural Insurance, Crop Insurance, Farmers, NAIS, Pradhan Mantri Fasal Bima Yojana (PMFBY)

Introduction

India is primarily an agrarian economy, where a large section of population relies on the income generated by agriculture. Agriculture is very vulnerable to dangers like dry seasons and surges. It is important to shield the farmers from characteristic cataclysms and guarantee their credit qualification for all seasons. Prime Minister

Shri Narendra Modi introduced Pradhan Mantri Fasal Bima Yojana (PMFBY) on 13 January 2016. The nation couldn't in any way shape or form a superior rural yield protection plan than the PMFBY.

This plan helps in diminishing the weight of premiums on agriculturists who take credits for their development, thus protecting them against the nasty climate. It has also been decided to make the settlement process of the insurance claim, fast and easy so that the farmers do not face any trouble regarding the crop insurance plan.

This scheme is implemented in every state of India, in association with respective State Governments. The scheme is administered under the Ministry of Agriculture and Farmers Welfare, Government of India. Prior to the introduction of the structured scheme, the National Agriculture Insurance Scheme (NAIS) and Modified NAIS (MNAIS) did not serve the farmers' needs. The whole protection plan under MNAIS, especially for dangerous crops and locale, was small. NAIS and MNAIS both put together safeguarded only 25.4 million in Kharif season in the year 2015 compared to 35.5 million safeguarded by PMFBY. According to the Press Information Bureau, the quantity of non-loanee agriculturists increased by more than six times. Nevertheless, these figures should be tested further before we praise the plan's prosperity.

One main characteristic of this Yojana is that the premiums are paid by State and Central Governments. This has dual advantages; on one side farmers are benefitted as their losses are covered and on the other side, Government does not have to shed huge amount of money during times of catastrophic events.

The likelihood of the Government being troubled with immense misfortunes in a single year is very unlikely. Circumstances of extraordinary misfortune like the one affecting the Rabi crop in Tamil Nadu in 2017 due to a drought, untimely rainfall and hailstorm are uncommon. It is known to be the most terrible misfortune in 140 years.

The hazards are spread topographically and among various yields and seasons, thus misfortune in a particular season is carried forward. An Insurance company's risks are diversified. As a result, an insurance company does not bear huge losses. Nevertheless, for the smooth functioning and better efficiency of the plan, Center should set rigorous criteria for selection of Insurance providers with a sound asset report and solid reputation of claim settlement.

The motivation for this study comes from a rising number of farm agitations and the unassessed benefits of the crop insurance models that the government has been coming up with from time to time.

Literature Review

(Chand, 2007) Agricultural business and the farm income in India is extremely and most of the time influenced by catastrophic events, for example, dry seasons, surges, violent winds, tempests, avalanches and seismic tremors. Vulnerability of agriculture to these disasters is exacerbated by the erupt of epidemics and man-made catastrophes, for example, fire, offer of spurious seeds, composts and pesticides, value crashes, and so forth. A similar thought was put forth by Dandekar in the year 1976 as in a nation where these events cannot be controlled by the farmers and hence a need for insurance was felt. (Dandekar, 1976). (Ramachandran, 1986) in his paper discussed about the new Comprehensive Crop Insurance Scheme 1985 based on the range approach and covered five crops, rice, wheat, millets, oilseeds and pulses. The scheme holds a drawback as it is confined to borrowers of crop advances from co-agent credit social orders, business banks and Regional Rural Banks. (Nair, 2010) Further an assessment of National Agriculture Insurance Scheme (NAIS) was carried. The study uncovered the facts that the scheme had done well on the peripheral level. At the same time there were delays in the settlement of cases which bring forward another drawback of agriculture insurance in our country. On similar grounds (Singh, 2006) threw light on the fact that there is a requirement for appropriate coordination by all the players at the states level. Without including states in a more dynamic form crop insurance cannot be executed successfully. Beside the depiction of the states at the broad level, there is a necessity for a dynamic state level consultative body, involving state government agents, rural specialists and illustrative of the lead bank of the state together with delegates of AIC.

All the study done so far talks about the drawbacks of the insurance sector in addressing the farmer's needs, however no study is done so far to understand the challenges in the functioning of the PMFBY. We aim to build this research gap.

Objectives of the Study

The study focuses on two main objectives-

1. To understand the modus operandi of Pradhan Mantri Fasal Bima Yojana (PMFBY).
2. To identify the challenges in the functioning of the Yojana.

India is primarily an agrarian economy, where a large section of population relies on the income generated by agriculture. Agriculture is very vulnerable to dangers like dry seasons and surges. It is important to shield the farmers from characteristic cataclysms and guarantee their credit qualification for all seasons. Prime Minister Shri Narendra Modi introduced Pradhan Mantri Fasal Bima Yojana (PMFBY) on 13 January 2016.

Methodology

A Qualtiative approach has been used to achieve our objectives. Stated below are methodologies used for each of the objectives.

Objective 1

To understand the modus operandi of Pradhan Mantri Fasal Bima Yojana (PMFBY).

For getting a thorough understanding of the procedure, which government has laid down, information has been gathered from mainly two sources:

- The Operational Guidelines of the Pradhan Mantri Fasal Bima Yojana.
- Interview of various officials from Banks, Government and Insurance Companies to get a clear picture of the actual procedure followed for the implementation of the said Yojana.

Objective 2

To identify the challenges in the functioning of the yojana.

A Qualitative approach was used in the process of understanding the execution of the yojana. Face to face interviews were conducted with managers and officers of seven banks, department of agriculture and insurance companies (both private and public-sector companies) in the state of Karnataka. In all the interviews, the interviewer clearly explained the motive of asking questions. They were told in advance that these interviews are conducted for research purposes and their identity will be kept confidential.

Discussion, Analysis and Interpretation -

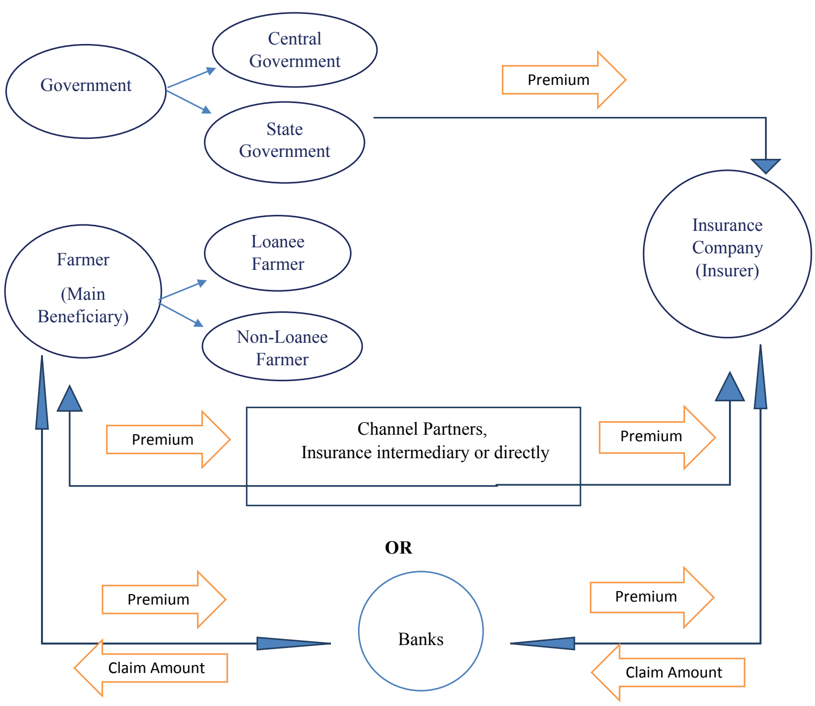
Below is the analysis and interpretation of the data gathered for achieving each objective (presented objective wise)

Objective 1. To understand the modus operandi of Pradhan Mantri Fasal Bima Yojana (PMFBY).

In order to understand the operational structure of the PMFBY, a thorough study of the rules, roles, and regulations stated in the operational guidelines of PMFBY was done. While doing so, we realized that certain aspects were not clear from a layman's perspective and hence interviews of various officials from Banks, Government and Insurance Companies were conducted to get a clear picture of the actual procedure followed in the implementation of the said Yojana.

Based on the study and the interviews conducted, a simple framework has been presented below.

Chart 1: Structural Model of PMFBY



Pradhan Mantri Fasal Bima Yojana is a government scheme with an objective to provide insurance cover to the farmers at a subsidized premium rate, where the premium is paid by two parties:

- Firstly, Farmers

S. No.	Season	Crops	Maximum Insurance charges payable by farmer (% of Sum Insured)
1	Kharif	All foodgrain and Oilseeds crops (all Cereals, Millets, Pulses and Oilseeds crops)	2.0% of SI or Actuarial rate, whichever is less
2	Rabi	All foodgrain and Oilseeds crops (all Cereals, Millets, Pulses And Oilseeds crops)	1.5% of SI or Actuarial rate, whichever is less
3	Kharif and Rabi	Annual Commercial/ Annual Horticultural crops	5% of SI or Actuarial rate, whichever is less

Source: Operational Guidelines of Pradhan Mantri Fasal Bima Yojana

- Secondly by State and Central Government who share the remaining amount of premium in equal proportions (50% each).

It can be clearly seen in the above flowchart (Chart 1) that the government pays the premium amount directly to the insurance company whereas in case of farmers the premium amount is paid to the insurance company through Banks, Insurance intermediary, channel partner or directly.

As per the guidelines, banks not only perform the function of collecting and debiting the premium amount but also caters to below mentioned functions:

- Communicate Notification, as well as other directives, guidelines, etc. to all agencies within their jurisdictional area.
- Concerned Bank and its branches should ensure submission to insurance companies within stipulated in prescribed format, along with consolidated Premium payable separately for both loanee farmers and non-loanee farmers. If Concerned Bank and its branches keep the amount of premium collected beyond the defined timelines, then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the insurance company.
- Lending Banks to educate the cultivators on the scheme features.
- Banks should ensure that cultivator should not be deprived of any benefit under the Scheme due to errors/ omissions/ commissions of the concerned branch, and in case of such errors, the concerned institutions shall only make good all such losses.
- Soft copy of the beneficiary' farmers may also be uploaded directly on Crop Insurance portal (Samrakshana Portal) by bank

branch to concerned Insurance companies for uploading the same in their web-site. In the process of settling the claim, the insurance company directly debits the bank account of the farmers and in this entire process no intermediary is involved and hence the farmer receives the direct benefit.

Objective 2. To identify the challenges in the functioning of the yojana.

- **Non-proactive Attitude of Farmers**

  As per Insurers and banks, farmers have a spoon-feeding attitude and give an excuse of being illiterate, unaware and less privileged. At the time when premium is being debited to the insurer, banks give a computer-generated receipt containing information regarding the insurance company, contact person and amount debited to the farmers.

  Despite being provided with all necessary information, farmers have a negligent attitude regarding making themselves aware, updated and responsible towards the provided information by the banks and are often found consulting banks about the claim amount rather than the concerned authority which may be insurance company/ agent.

  Government officials also threw light on the fact that at the time of Crop Cutting Experiments (CCE), farmers are least participative because of which a delay in the completion of process is seen.

  This non-participative attitude of farmers acts as one of the constraints for the intermediaries to effectively execute the yojana.

- **Lack of Awareness Among Farmers about the Nitty Gritty of the Yojana.**

  Various initiatives have been taken to create awareness regarding the yojana, in the sense that farmers come forward and take the particular policy or have knowledge about the same. But the flip side of the coin is that there is lack of understanding of the functionality of the yojana as the focus is more on publicizing about the introduction of new yojana rather than the procedure to be adopted by the farmers.

One thing that is clear through the study is that the yojana has a potential to flourish and grow in future. With consecutive dry spells, and unseasonal rain and hail in specific stashes, it turned out to be certain that the dangers in cultivating are on the ascent, and the current arrangement of harvest protection was no place close to addressing the requirements of the lower class. In this specific situation, the new plan is without a doubt a positive development and convenience, which will help in sparing Indian agribusiness from the expanding dangers of nature.

- **Limited Reach of Insurance Company to the Rural Areas**

  One of the major challenges faced by insurance company is that most of the private players lack the availability of infrastructural facilities in the rural areas, therefore, a communication gap exists between the farmers and the insurer. This concern of limited reach and lack of infrastructural facilities is not being considered by the government also while giving tenders to the companies as the tender process is purely based on the bidding. In the process of bidding, the company that quotes the lowest premium rates wins the tender in that particular state.

- **Lack of Training for the Novice**

  The major functions of the bank for executing the yojana revolves around using advance technologies like the Samrakshana portal. It was found out that most of the banks receive training through video conferencing or by written guidelines or telephonic conversation from their head offices, which are not good enough in providing the complete knowledge regarding the usage of the technology (portal) to the novice and hence they find it difficult to operate. Also, these training were not mandatory for all the banks.

- **Staff and Fund Constraints faced by the Government**

  In the execution of the yojana, state government faces lack of staff in both off field and on field jobs. The number of personnel available for conducting crop cutting experiments are less compared to the quantum of work as crop cutting experiments (CCE) need to be conducted in each district/ taluka for every season. Also, there is limited availability of staff for doing office related works like maintaining records and data entry.

  The next major challenge faced by the government is availability of funds with state. It has been observed that in the past three crop seasons, the actuals have always exceeded the estimates, thus, making it difficult for the government to meet the requirement of timely and full payment of the due amount (premium). It further leads to the delay in the entire process of claim settlement for a season.

Findings

The following are the findings of the study.

1. The PMFBY is a far superior plan than the other agrarian protection plans. But at the locale level, its execution is genuinely bargained. The local level authorities are unclear about the Yojana. There is no proper supervision or control checks whilst executing the Yojana. Also training needs are not getting met.
2. In the eyes of a farmer ‘Water’ is the most important requirement. They believe that any monetary help or crop protection plan is insignificant compared to solving the problem of basic necessity such as ‘Water’.
3. For any insurance product to flourish, the insurer plays a critical role as they are the ones who very well understand the concept of insurance and can deliver the same to the insured. In the case of PMFBY, we see that a limited role is being played by the insurance companies as they are mostly at the back end in the sense that they are not in direct contact with the farmers mainly due to lack of infrastructure in rural areas. This

has led to a gap between insured and insurer which eventually leads to the improper understanding of the procedural aspects of the yojana.

4. One of the unique feature of the yojana is to expand the unwavering quality, precision and speed of CCE information, required utilization of advanced mobile phones/hand held gadgets, Drones, Remote Sensing Technology, etc. But in the current scenario only smart phones and mobile applications are used. Research is being conducted on other advanced technologies and hence in the near future we can expect more use of advance technology.

Conclusion

One thing that is clear through the study is that the yojana has a potential to flourish and grow in future. With consecutive dry spells, and unseasonal rain and hail in specific stashes, it turned out to be certain that the dangers in cultivating are on the ascent, and the current arrangement of harvest protection was no place close to addressing the requirements of the lower class. In this specific situation, the new plan is without a doubt a positive development and convenience, which will help in sparing Indian agribusiness from the expanding dangers of nature. Not only that, PMFBY has turned tables for the Public Sector General Insurance Companies- National, New India, Oriental and the United India- and also for the National Re-Insurer GIC Re- in view of the huge surge in premium from 2016-17. This is possible due to the Central Government persuasion and the keen interest of the State Governments. This premium is next only to the premium gathered by the Motor and the Health Insurance portfolios. Also, if the current challenges and issues of the Yojana as per the findings are addressed it can help break the preconceived notion of the society regarding the lethargic attitude of the functioning of most of the government driven Yojanas.

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Travel Insurance: Do Travellers' Attitudes Shape Their Purchase Intention?

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Abstract

Travel Insurance in India has been an evolving concept in the last decade. It was observed from the news reports that there is less interest among Indian travelers in buying travel insurance policies. Even though many previous research studies on insurance are available, travel insurance in the Indian context has grabbed the attention of very few researchers. Authors of this paper have made an attempt to understand the attitude of Indian travellers towards Travel Insurance. The paper is exploratory in nature. Major statistical tools used in the study are Exploratory Factor analysis and Multiple Linear Regression. Results indicate three significant aspects of travel insurance namely assurance, availability and risk reductions largely influence the purchase intention of travellers towards travel insurance. This study will significantly contribute to the limited literature on travel insurance management, and it will have implication on insurance sector for further diversification of their products to reach the customers of travel industry.

1. Introduction

"All journeys have secret destinations of which the traveller is unaware" Martin Buber (2002). This can be interpreted in terms of both favorable and unfavorable situations a traveller may face during the travel. There are external factors beyond the control of a traveller which may lead to some unfortunate situations even though the trip is well planned by a traveller. Thus to reduce the risks faced due to these unexpected happenings, holding a travel insurance becomes handy. To strengthen the argument on need of study, records on accidents is presented below. As per National Crime Records Bureau (2014), Traffic

Accidents include (i) Road Accidents (ii) Railway Accidents and (iii) Railway Crossing Accidents. These were the major cause of accidental deaths owing to unnatural factors. A rising trend is seen in the absolute number of deaths in 'Traffic Accidents' during five years 2010 – 2014 as presented in (Table 1).

The ICAO Annual Report of the Council shows the accident rate trend (per million departures) over the previous five years, with 2013 having an accident rate of 2.8 accidents per million departures, the lowest recorded since ICAO began tracking the global accident rate.

Table-1: Incidence and Share of Deaths due to Traffic Accidents during 2010-2014

Sl. No.	Year	Road Accidents Natural	Railway Accidents	Railway Crossing Accidents	Total Traffic Accidents	Total Un-Natural Accidents	Percentage share of 'Traffic Accident Deaths' in Un-Natural Accidental Deaths
1	2010	1,33,938	24,451	3,347	1,61,736	3,59,583	45.0
2	2011	1,36,834	25,872	2,366	1,65,072	3,67,194	45.0
3	2012	1,39,091	27,402	1,808	1,68,301	3,72,022	45.2
4	2013	1,37,423	27,765	1,318	1,66,506	3,77,758	44.1
5	2014	1,41,526	25,006	2,575	1,69,107	4,31,556	39.2

Source: Accidental Deaths & Suicides in India (ADSI) 2014

waitlist and were not confirmed (Roy, 2016). Only 11% of (77 out of 695) passengers were actually travelling with Railway Travel insurance policy on the day of accident. IRCTC, it is to be noted, had started offering Rail Travel Insurance from 1st September 2016 (Times of India, 2016). Only 30% of passengers were seen to be buying tickets from IRCTC were found to be opting for Travel Insurance even when the premium was priced at 92 Paisa (India Today, 2016) till the time the policy was optional.

This created an interest in authors to study about awareness and popularity of travel Insurance among Indian travellers. This paper is an attempt to study travelers' attitude towards various aspects of travel insurance such as their accessibility, supporting feature, confidence building etc., and its impact on their purchase intention of Travel Insurance.

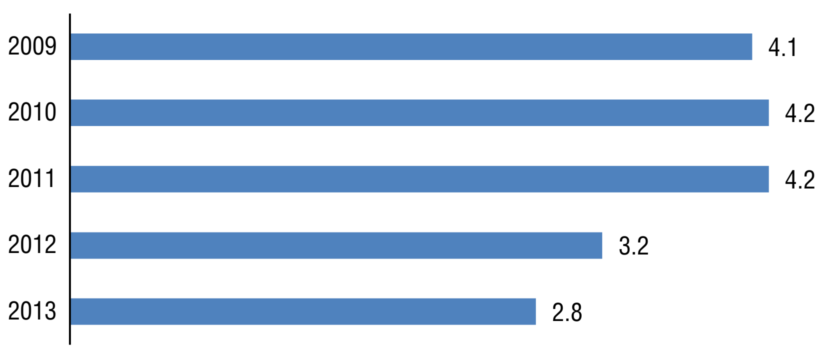
In Case of Commercial Air Transport as per the International Air Transport Association's Safety Report 2015, trend of the accident rate continues to be downward, not only with regard to overall accidents, but also with regard to hull losses and accidents which are fatal (IATA, 2016). In 2015, the rate for accidents was at its lowest as compared to all previous rates:

- Overall Accidents : 1.81 accidents per 1 million sectors
- Hull Losses : 0.48 hull losses per 1 million sectors
- Fatal Accidents : 0.11 accidents per 1 million sectors.

However, "the overall accident rate" in Asia-Pacific (ASPAC) has been displaying an upward trend since 2011, after a period of consistent improvement between 2007 and 2011 (IATA, 2016).

Graph 1

Global Accident Rate (accidents per million departures)



On 20th November 2016 the Indore-Patna Express met with an accident in which 149 passengers died and more than 200 were injured (Hindusthan Times, 2016). Out of 695 reserved passengers, only 128 had bought optional travel insurance offered by IRCTC. Out of 128 tickets, 51 were automatically cancelled as they were on

2. Literature Review

2.1 History of Travel

Travel has been the part of human life since its evolution. In primitive times, survival was the prime reason for which people travelled from one place to another. People were nomads till the time agriculture was discovered

(Andrews, 2008). Previous researches have indicated that other forms of travelling started from as early as 4000 BC, the time when currency first originated (Puri, 1995). India was the leader of travel among Asian countries and was the most developed. People started traveling as Pilgrims during 6th century, the time when religion was born. During the period of Great Dynasties, Muslim Evasions, British rule and Pre independence period, military and trade continued to be in the list of reasons to travel (Tourism of India). Leisure travel gradually gained its popularity and showed phenomenal growth during 1990s due to gradual progresses in political and economic scenario post-independence and the efforts made by Government (Sinha).

2.2. Meaning of Travel

According to the Oxford dictionary, traveling is to make a journey of some length. Travel as defined by Cambridge Dictionary is going from one usual place to a new place over a long distance by some means such as Plane, Train, and Car etc. Modern definition of travel calls it as a regular event in one's life for some adventure or to spend some time together with family (Travel Insurance).UNWTO defines *travel as an activity made by traveller* who in turn is defined as *a person who moves between different geographic locations, for any purpose and any duration*(United Nations, 2010).

2.3. Travel Insurance

Travel Insurance *is a policy that provides coverage to losses that may be incurred while travelling such as medical expenses, flight cancellations, lost luggage etc* (Travel insurance definition and meaning | Collins English Dictionary). Travel Insurance is dominantly a travel health insurance specially while visiting a foreign country. People have to incur extremely high medical cost while one is outside one's own country. Travel Insurance is the most important safety net for travellers in the event of misfortune (Allingham, 2013). The risks which are generally covered under Travel Insurance is listed below though the combination may vary, however, it is not exhaustive.

- Medical Expenses with or without cashless facility (most travel insurance products offer cashless facility)
- Personal Accident
- Loss of Baggage
- Delay in Baggage arrival
- Loss of Passport
- Travel Delay
- Repatriation
- Transportation of dead body etc.

(IRDA)

2.4. Consumer Attitude towards Travel Insurance

According to Kotler (2000), "an attitude is a person's enduring favorable or unfavorable evaluations, emotional feelings, and action tendencies toward some object or idea". Fishbein (1967) defined attitude as "a learned predisposition of human beings." Thus consumer attitude towards travel insurance can be defined as predisposition of consumer, their evaluations, emotional feelings and action tendencies towards travel insurance. Previous studies such as the study by Hung (2009) have found that consumers have a difficulty determining whether to buy insurance or not, especially when they have little knowledge about the quantum of loss that may occur because of a particular risk. The requirement of buying an insurance policy depends on level

Travel Insurance is a policy that provides coverage to losses that may be incurred while travelling such as medical expenses, flight cancellations, lost luggage etc (Travel insurance definition and meaning | Collins English Dictionary). Travel Insurance is dominantly a travel health insurance specially while visiting a foreign country.

of subjective perceived risk than the calculated true risk (Thurston, 2000). The presumed gap between a favorable attitude towards product as such and behavioral intention to purchase those products explains the critical role of other aspects of product like availability, social norms, perceived certainty (Vermeir & Verbeke, 2006). Thus based on these studies a study hypothesis is framed as follows.

H1: Travellers' Positive attitude on various attributes of travel insurance has a positive impact on their purchase Intention of travel insurance.

3. Methodology:

Causal research design is adopted to investigate the attitude of travellers towards factors which influence their purchase intention of Travel Insurance products. An Exploratory method is used to generate the items which reflect the attitude of the traveller towards travel insurance. Fifteen statements were finalized under the guidance of an industrial expert and an academician in the field and the face validity approach is adapted to validate the questionnaire. Respondents were asked to rate each statement on a 5-point scale, with high scores stipulating strong positive attitude for that particular aspect of Travel insurance. Purchase intention statement i.e. traveller's intention to buy travel insurance policy in the near future (within a year) is also rated on a 5-point scale (5 = Definitely buy, 4 = May buy, 3 = Cannot say, 2 = May not buy, and 1 = Definitely not buy). Travellers who travel by train and Air are considered as subjects for the study. A total of 148 subjects provided responses to these fifteen items. Using the SPSS 16.0 version, Factor analysis with principal component extraction method, was applied to identify the factors represented by these fifteen statements. The statements are listed in Table-2. Multiple linear Regression was applied to analyse the relationship between traveller's attitude towards travel insurance and their purchase intention.

Table-2 : Attributes of Travel Insurance

A1. Travel insurance is affordable

A2. Travel Insurance is not complicated

A3. Travel Insurance becoming more available

A4. Travel Insurance ensures a risk free journey

A5. Travel Insurance is lot like packing

A6. Travel Insurance reduces the risk of delay

A7. Travel Insurance reduces the accident risk

A8. Having Travel Insurance gives scope for better medical treatment in the case of accidents

A9. The claims settlement procedure of Travel Insurance is clearly understood or well understandable

A10. The process of buying Travel Insurance is very simple

A11. Buying Travel Insurance will have psychological impact in handling the misfortune situations

A12. Passengers are well informed about Travel Insurance

A13. Buying Travel Insurance does not increases the travelling cost

A14. Travel Insurance has the potential of reducing medical expenses

A15. The coverage amount can support the victim and his family to a large extent

4. Results:

The Correlation Matrix revealed fairly high correlations between the fifteen items written to measure the travellers' attitude towards different attributes of Travel Insurance. Given the number of high intercorrelations between the attributes of Travel Insurance, the hypothesized factor model is appropriate (Ho, 2006). The Bartlett's Test of Sphericity (Table-3) produced Chi-Square value of 794.882 and the associated significance level was less than 0.001. Thus it can be concluded that data were approximately multivariate normal data. Further, sufficient covariance was contained by correlation matrix for factoring (Kim, Wang, Shin, & Kim, 2010).

Table-3 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.841
Bartlett's Test of Sphericity Approx. Chi-Square	794.882
Df	105
Sig.	.000

Initially four factors were retained based on the criterion of retaining factors with eigenvalues of 1 or greater. The scree plot also suggested a four-factor solution. But the first run factor analysis output contained attributes that do not go along conceptually, the similarity in meaning of two factors advocated to combine them. To overcome the subjective nature of these decisions, the factor analysis was decided to rerun. In the second run, the Total Variance Explained part of the output was the same as that of the first run. Thus the four factors were extracted, accounting for a combined 61.495% of total variance. The Rotated Component Matrix (Varimax with Kaiser Normalization) presents only three rotated factors. All items were loaded above 0.50(Table-4) and factor loadings ranged between 0.505 and 0.848 (Hair, Anderson, Tatham, & Black, 1998). Factor-1 contains seven items that clearly reflect monetary or psychological strength or support provided by the travel insurance for the policy holder and his/her family to meet the expenses without compromise in unforeseen disrupt situations in travelling, and thus was named **'Assurance'**. Factor 2 consists of four items that reflect the easy accessibility and simplicity of travel insurance products, and was named **'Availability'**. Factor 3 includes four items that reflect reduction of the risk of travel insurance; thus it was named **'Risk reduction'**. This three-factor model represents the combination of the four original factors, and appears to reflect adequately the underlying factor structure of the 15-item Travel Insurance attributes. As presented in Table-4, the reliability scores of all the factors were above the threshold score 0.60(Nunnally, 1978). The sustainability scale achieved highest reliability of 0.836.

Table-4 : Rotated Component Matrix and Reliability statistics

	Component			Cronbach's Alpha
	1	2	3	
A14	0.734			0.836
A9	0.726			
A15	0.694			
A11	0.648			
A12	0.622			
A13	0.615			
A8	0.590			
A1		0.848		.708
A3		0.627		
A2		0.626		
A10		0.505		
A4			0.793	0.678
A6			0.617	
A5			0.615	
A7			0.525	
Extraction Method: Principal Component Analysis.				

4.1. ***Multiple Regression:***

All required assumptions of multiple regression are met. For current model, both the "tolerance" values (greater than 0.10) and the "VIF" values (less than 10) are all quite acceptable (see Coefficients table-5) (Ho, 2006). Thus, *multicollinearity is not a problem.* An analysis of standard residuals was carried out, which showed that *the data contained no outliers* (Std. Residual Min = -1.680, Std. Residual Max = 2.279), as minimum is not less than -3.29 and maximum values is not greater than 3.29. The histogram of standardised residuals showed that the data contained approximately normally distributed errors, same with the normal P-P plot of standardised residuals, which showed points that were not completely on the line, but close. The scatterplot of standardised predicted values showed that the data met the assumptions of homogeneity of variance and linearity (L.Bresgi, D.L.M.Alexander, & J.Seabi, 2017). Thus the results of regression model stand explained.

Factor-1 contains seven items that clearly reflect monetary or psychological strength or support provided by the travel insurance for the policy holder and his/her family to meet the expenses without compromise in unforeseen disrupt situations in travelling, and thus was named 'Assurance'. Factor 2 consists of four items that reflect the easy accessibility and simplicity of travel insurance products, and was named 'Availability'.

An assessment of the table-5 exhibits that all three factors namely, Assurance, availability and risk reduction which are representing various attributes of travel insurance are entered in to the prediction equation (Model 1). The level of travellers' purchase intention, out of these three factors is predicted using the values displayed in the unstandardized coefficients column for Model-1. The prediction equation based on the constant and B values would be:

PI = 3.486 + (0.437) AS + (0.305) AV + (0.266) R

Where PI = Purchase Intention (the predicted dependent variable), Constant (a) = 3.486, AS = Assurance, A = Availability and R = Risk Reduction

4.1.1. ***Prediction Equation's Strength (Model Fit):***

The coefficient of determination, R-square is a measure of the computed prediction equation's strength. The coefficient of determination *R*2 is a value between 0 and 1 that measures how well a regression model predicts the data(Ho, 2006). From the Model Summary table-6 where R – square = 0.735, it can be interpreted as in proposed attitude – purchase intention regression model, 73.5% of variance in

Table-5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.486	.030		117.260	.000		
	Sustainability	.437	.030	.629	14.645	.000	1.000	1.000
	Availability	.305	.030	.439	10.225	.000	1.000	1.000
	Risk Reduction	.266	.030	.383	8.912	.000	1.000	1.000

a. Dependent Variable: Purchase_Intention

purchase intention is explained by the three predictor variables.

= 0 is tested by using the **Analysis of Variance** (ANOVA) model. The

Table-6 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857a	.735	.729	.36172	1.811

a. Predictors: (Constant), Availability, Risk reduction, Sustainability
b. Dependent Variable: Purchase_Intention

4.1.2. ***Testing the Hypothesis:***

The status of relationship between each predictor and purchase intention variables can be drawn from the coefficient table, the *p*-value for beta coefficient for all three factors is 0.000. All these values are significant at the 5% significance level. Thus we can claim that the purchase intention of travellers is positively related to their attitude towards assurance, availability and risk reduction aspects of travel insurance.

However in the context of travellers' attitude – purchase intention model, the null hypothesis of no linear relationship between the independent and dependent variables, i.e R-square

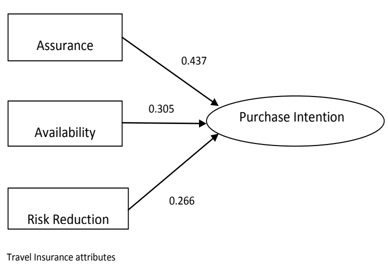


Figure-1: Travelers' Attitude – Purchase Intention towards Travel

computed F statistic is 132.816, with an observed significance level of less than 0.05 i.e. p-value = 0. Thus, the null hypothesis is rejected. It can be claimed that the travellers' attitude towards the travel insurance policy and their purchase intentions are related.

A multiple regression has been run to predict the purchase intention from the travellers' attitude on Assurance, availability, and Risk reduction factors. These variables statistically significantly predicted purchase intention, $F(3, 144) = 132.816$, $p < .05$, $R2 = .735$. All three factors contributed statistically significantly to the prediction, $p < .05$. Thus rejecting the null hypothesis, the alternative hypothesis H1 i.e. that Travellers' Positive attitude on various attributes of travel insurance has a positive impact on their purchase Intention of travel insurance can be considered to be true.

5. Discussion and Conclusion:

The study shows that major aspects of travel insurance product are assurance, availability and risk reduction. Assurance factor covers travel insurance's potential to 'assure' both monetary and mental support during disruptions in traveling plan which would have otherwise led to financial setbacks. Availability factor explains the easy access to and understanding of the travel insurance policy. Lastly the risk reduction factor explains more about precaution to reduce different types of risk involved in traveling. Among these, regression model shows that *assurance* factor has more impact on the travel insurance purchase intention of travellers compared to other two factors. However the current model explains only 73.5% of variance, hence there is a further scope for studying

other factors which are influencing their purchase intention. The insurance companies and the government of India can concentrate on projecting purchasing Travel insurance as not an additional expense but a financial security measure to face any unfortunate disruption in travel plans. Though railway travel insurance currently in India covers life insurance and its rate of premium is very low i.e. ₹ 0.92, the number of train passengers who purchase it is abysmally low. As the sustainability aspect of travel insurance has more impact on the purchase intention of travellers, it is essential to invest more time, men and material to bring awareness about the advantages of holding travel insurance. This will work at the cognitive level and can have an impact on the attitude and behavior of travellers on travel insurance. It is also essential to bring in a perceptional change on the availability aspect of travel insurance by making the process of buying and claiming, simple and accessible. Travellers must also understand the risk reduction aspect of travel insurance and require accepting it as an intrinsic part of their travel. IJ

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Building Loss Assessors Cadre for Crop Insurance in India

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Introduction

Crop insurance refers to an insurance which insures farmers and crop producers against the loss of crops due to natural disasters, such as floods, drought, and hail etc.

In India before 2016 crop insurance functioned mostly as government schemes. The crop insurance scenario was dominated by the National Agriculture Insurance Scheme (NAIS) implemented by Agriculture insurance Company of India. This scheme was heavily subsidized by government of India both in premium and claim. It operated solely on area approach. The claims were automatically calculated based on yield reports received by the implementing agency from the relevant state government.

The scenario has changed with launch of Pradhan Mantri Fasal Bima Yojana (PMFBY). The crop insurance Business is now being run in complete market driven model. From sole monopoly of the Agriculture Insurance Company of India, the market has been opened to four PSU non-life insurers and as many as thirteen private non-life insurers. From nowhere, crop insurance has emerged the third largest line of business after motor insurance and health insurance following the launch of the Pradhan Mantri Fasal Bima Yojana (PMFBY). Crop insurance has helped the non-life industry record 32% growth the last fiscal and cross the ₹ 1-lakh-crore mark for the first time.[1]

Challenges in the Crop Insurance Loss Assessment

With the opening of new vistas and growth in crop insurance, there have come new challenges for the companies who seek to operate in the field. One of the greatest challenges is assessment of losses at the individual level.

The earlier crop insurance schemes had only area approach towards loss assessment and settlement of claims. The Pradhan Mantri Fasal Bima Yojana has for first time included covers under individual approach. These are:

- Post-Harvest Losses: coverage is available only up to a maximum period of two weeks from harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific perils of cyclone and cyclonic rains and unseasonal rains.
- Localized Calamities: Loss/ damage resulting from occurrence of identified localized risks of hailstorm, landslide, and inundation affecting isolated farms in the notified area.[2]

The guidelines issued by the Ministry of Agriculture, Cooperation and Farmers Welfare, Government of India require appointment of loss assessors within 48 hours of receipt of loss intimation. These guidelines also set the qualification of loss assessors as follows:

- Any Graduate (preferably Agriculture i.e. B. Sc. (Ag.)) with minimum 2 years' relevant experience.
- Retired Government officials of Agriculture/ Horticulture/ Extension Department having B. Sc. (Ag.) degree.
- Retired Bank officials with experience of crop loaning or KCC. For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required.

There is a dearth of people who satisfy aforementioned criterion in education and experience. The crop insurance in its previous avatars as CCIS, PCIS, NAIS etc had no provision for individual loss assessors.

The supply of people with desired educational qualification of B.Sc (Ag) is not much. The pool of available manpower is also utilized by other more paying industries especially agro-industry, banking, seed companies, development sector etc. In this scenario, being a crop loss assessor is the lowest priority for an agriculture graduate.

Retired officers from bank and government with adequate experience are old and financially stable. They are less likely to undertake physical ardor associated with crop loss assessment.

The present cadre of loss assessors working in motor, fire or marine lines of insurance is of no help as crop insurance is totally different.

Again as of now the sum insured level for individual asset (farm) covered is very low, which means the remuneration available to loss assessors for individual survey is not very attractive. Whereas, if large number of losses occur, then they will be covered under widespread category for which individual loss assessor will not be preferred.

> From nowhere, crop insurance has emerged the third largest line of business after motor insurance and health insurance following the launch of the Pradhan Mantri Fasal Bima Yojana (PMFBY). Crop insurance has helped the non-life industry record 32% growth the last fiscal and cross the ₹ 1-lakh-crore mark for the first time.

Present Response

IRDA has devised a syllabus for preparing the cadre of crop loss assessors and Insurance Institute of India has devised the exams for same. These are preliminary steps but the efforts have to go further. Of the thirteen topics only last four deals with crop loss assessment. These are[3]:

- Chapter 10: Production Risk Perils &Manifestation of Perils on Crops – Major climatic risks and its manifestation on different crops and various stages of crop growth – Major pests & diseases and its manifestations on crops and resultant losses
- Chapter 11: Crop Loss Assessment – Principles and Objectives – approach – expectation – fairness –indemnity principle etc.
- Chapter 12: Planning Crop Loss

Assessment – understanding – planning – execution – reporting – loss adjustment, etc.

- Chapter 13: Crop Loss assessment and Use of Modern Technologies– satellite imagery, unmanned aerial vehicles, real-time digital pictures & videos, interpretation, etc.

IRDA admits that “there are no surveyors available to train the new entrants to carry out loss assessment in crop insurance.” It has therefore waived off training requirement.

This is a half measure solution to the problem of dearth of loss assessors. The assessors are not trained in objectively assessing the loss, which farmers would suffer due to a peril, in monetary terms. They may either err on the positive side writing down more loss than those actually suffered or they may err on negative side deciding on inadequate compensations. The loss assessment in crop insurance business could thus be a very subjective assessment.

Way Forward

The solution may be sought by adopting following measures:

- Widening educational requirement by including graduates from B.Sc in agriculture or allied sciences, B. Sc. in biological sciences, Diploma in agriculture sciences, senior secondary pass in agriculture vocational stream.
- Conducting of short term (3 months – 1 year duration) regular courses of crop loss assessment at agriculture universities and agriculture colleges.
- Inclusion of crop economics and crop pathology of major crops in the region should form part of syllabus in the training courses.
- The courses must have 50% or more as practical component with frequent field visits.
- These courses may be also conducted at the institutes conducting training on insurance. In such event the retired officers from agriculture department/ banks/ insurance companies having adequate experience must be appointed as trainers. IJ

(Endnotes)

1 https://economictimes.indiatimes.com/industry/banking/finance/crop-insurance-drives-non-life-business/articleshow/58177694.cms

2 http://www.aicofindia.com/AICEng/General_Documents/Product_Profiles/PMFBYOperationalGuidelines.pdf

3 IRDA circular number IRDA/SUR/MISC/CIR/71/03/2017 dated 30th March, 2017

Non Theme - Based Articles

Customer's Preference for Micro Insurance: A Study with Reference to Kollam District, Kerala

Abstract

Insurance underlies a collective bearing of risks. It affords the benefit of security, peace of mind, protection of property and fulfilment of needs of insured. In the recent past, insurance companies in India have embarked on the promotion of micro insurance products for the underprivileged communities. Though risk is common to every one, the economic loss affects the lower income group more severely. The outreach of micro insurance product is severely hampered by the uncertain and low income of the poor. So, the insurance companies have to understand the preferences of the low income community for the promotion of insurance policies. This paper brings to light the preference of low income customers for micro insurance policies in Kollam district, Kerala.

Keywords: Insurance, Micro insurance, Preference

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Introduction

Insurance (life and general) was earlier sold by state owned companies. The opening up of the insurance sector for private investment has made it necessary for the government to move away from control of the sector into regulation. The Insurance Regulatory and Development Authority of India (IRDAI) was set up to regulate, promote and ensure an orderly growth of insurance industry. The opening up of the sector has provided a fillip to product innovation and sustained dissemination campaign to educate the customers about the need for insurance.

After 2005, IRDA made regulations on micro insurance. Micro insurance is insurance for the protection of low income households against specific perils in exchange for premium payment. There are several types of micro insurance such as life insurance, health insurance, crop insurance, property insurance and so forth.

A majority of India's population lives in poverty. Micro insurance is a necessary step to enable the poor people to avail of the benefits of an inclusive policy. The emerging opportunity of micro insurance is not only to promote business perspective but also social development and protection to the poor people.

Review of Literature

Amitab Verma(2008)reports that high business retention ratios indicate the health of an insurance company.

Anuradha Sharma(2008) observes that the demand for life insurance is driven by several economic factors like price of insurance, government tax, income, and interest rate.

Ayemperumal(2010) explains that the business environment for the insurance sector has been fast changing, bringing new opportunities and posing new challenges.

Craig Churchill(2006) reports that micro insurance can be delivered

through a variety of institutional arrangement and examines these arrangements under the conditions in which one might be preferable to other

Ganesan and Jayaprakash(2007) infer that getting rural through micro insurance is nothing but the consolidation of the roots of insurance business.

Research Problem

Spreading the idea of insurance among the poor, illiterate or semilliterate community is not easy. It requires a great deal of sustained effort. A micro insurance company/ agent is required to know the preferences of prospective buyers of the policy. With this end in view, it is thought fit to undertake a study on customer's preference for micro insurance in Kollam district, Kerala.

Objective of the Study

To find out customer's preference for investing in a micro insurance policy in Kollam district.

Hypothesis

H_o: There is no difference in policyholder's rating to the variable future saving as their preference for taking policy for factor different areas of residence.

H_o: There is no difference in six different preferences of buying policy for the factor different areas of residence.

Data & Methodology

The study mainly depended on primary data which was collected with the sample survey by contacting 400 sample policyholders in Kollam district. Stratified random sampling method was applied for the selection of samples. The survey was conducted for nine months during 2016. Relevant statistical tools such as percentage calculation, standard deviation, t-test, ANOVA (one way) and MANOVA were applied for data analysis.

Result & Discussion

Table 1 shows the frequency distribution of demographic profile of 400 micro insurance policyholders.

Characteristic		F	% to total
Area of residence	Urban	61	15.25
	Semi urban	61	15.25
	Rural	278	69.50
Age (years)	25-35	63	15.75
	36-45	128	32.00
	46-55	146	36.50
	56 & above	63	15.75
Gender	Male	151	37.75
	Female	249	62.25
Education	Primary level	92	23.00
	Secondary level	167	41.75
	Diploma	29	7.25
	Graduate	112	28.00
Annual income (₹)	Below 50,000	42	10.50
	51,000-70,000	85	21.30
	70001-90,000	101	25.30
	90001&above	172	43.00

Source: Primary data

Mode of Payment

Policyholder's mode of premium payment may vary. Table 2 shows policyholder's preferred mode of payment of premium.

Preferred mode of Premium Payment	F	%to total
Salary saving	29	7.25
Monthly premium	178	44.50
Quarterly Premium	71	17.75
Half yearly Premium	53	13.25
Annual Premium	69	17.25

Source: Primary data

It is clear from the above table that monthly premium is the most prevalent mode of payment of premium, followed by quarterly premium.

Amount of Premium Payment

Income earned by the policyholders determines the amount of their premium payment per year. Table 3 presents these details

Amount of Premium Per Year (₹)	F	% total
Less than 50,00	305	76.25
50,00-10,000	80	20.00
10,000-15,000	3	0.75
15,001& above	12	3.00

Source: Primary data

The above analysis discloses that a great majority of 76.25 per cent of the policyholders selected policy premium amount of less than ₹ 5,000 per annum.

Customer's preference for or purpose of investing in micro insurance policy

The study mainly depended on primary data which was collected with the sample survey by contacting 400 sample policyholders in Kollam district. Stratified random sampling method was applied for the selection of samples.

After economic reforms in 1991 in India, several changes took place in the insurance sector. Insurance companies have started paying attention to micro insurance schemes meant for the low income group. Preferences of respondents for taking a policy may differ. These preferences may be for instance, future saving, risk coverage, tax benefit, etc. The respondent's preference for investing in a micro insurance policy was subjected to a detailed analysis. Their responses on this point were collected on a five point numerical scale. Table 4 presents the distribution of policyholders by their agreement level for six different preferences (purposes) for holding the policy with mean score, and test of significance for the following null hypothesis.

H_o: There is no difference in policyholder's mean score/rating for future saving as the preference for taking the policy.

Similarly, the null hypothesis for preference rating of policyholders for the remaining other five preference for holding the policy was tested by t-test.

Table 4 Preference for Holding Micro Insurance Policy

		Response								
Preference for taking policy		Strongly Age	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD	T	Sig.
Future saving	F %	27 69.50	85 21.25	21 5.25	12 3.00	4 1.00	4.55	0.81	38.398	0.000
Growth	F %	79 19.75	215 53.75	51 12.75	25 6.25	30 7.50	3.72	1.08	13.289	0.000
Life risk cover	F %	132 33.00	153 38.25	82 20.50	26 6.50	7 1.75	3.94	0.98	19.324	0.000
Children's future	F %	21 5.25	147 36.75	114 28.50	84 21.00	34 8.50	3.09	1.06	1.747	0.081
Income Tax benefit	F %	33 8.25	125 31.25	78 19.50	68 17.00	96 24.00	2.83	1.32	1.610	0.069
Other preference	F %	64 16.00	103 25.75	59 14.75	58 14.50	116 29.00	2.85	1.48	-1.995	0.056

Source: Primary data, result calculated

The above table shows that the mean opinion score is 4.55, which is higher than the mean of the response scale, namely 3.00, and the significance level of one sample t-test is less than 0.05. The result indicates that future saving is one of the important purposes of holding the micro insurance policy by the respondents. The same result has been obtained for the second preference, i.e., growth of money and the third preference, i.e., life risk cover; it means growth and risk coverage are also the important preferences for taking the policy.

But in respect of the last three preferences, namely, future of children, tax benefit and other preference, the reverse is true. It means they are found to be not the important preferences of policy holders for holding the policy. For example, one could see that the mean score for children's future is just nearer to mean of the scale of 3.00, and its p-value is higher than the significance level of 0.05, and so it is not an important preference for taking the policy.

Relationship of Respondent's Preference and Demographic Variables.

In several cases, demographic variables such as area of residence, age, gender, education, marital status and annual income of policyholders would impact their preference for buying the micro insurance policy. During the study, an attempt was made to find the effect of the demographic variables on the policyholder's preferences for the holding the policy. For this purpose, one way ANOVA and multivariate analysis of variance MANOVA were performed. The null hypothesis to be tested for ANOVA:

H_o: There is no difference in policyholder's preference rating of future saving for the factor area of residence at three different levels.

Similar null hypothesis was tested for the other five preferences of policyholders for the factor areas of residence. Table 5 shows the mean opinion score about preference for taking policy by area of residence with test of significance by ANOVA (one way) and MANOVA.

In several cases, demographic variables such as area of residence, age, gender, education, marital status and annual income of policyholders would impact their preference for buying the micro insurance policy.

Preference	Urban		Semi Urban		Rural		ANOVA		MANOVA	
	Mean	SD	Mean	SD	Mean	SD	F	Sig.	F	Sig.
Future savings	4.54	0.81	4.70	0.64	4.52	0.84	1.295	0.275		
Growth	3.54	1.03	3.87	0.97	3.73	1.12	1.416	0.244		
Life risk cover	3.75	1.18	4.16	0.86	3.94	0.94	2.741	0.066		
Future of children	3.43	0.96	2.74	1.11	3.10	1.05	6.636	0.001	2.474	0.004
Income tax benefit	2.66	1.12	3.18	1.26	2.79	1.37	2.840	0.060		
Other	2.72	1.40	3.00	1.48	2.85	1.50	0.543	0.581		

Source: Primary data. Result calculated

From the above table it is clear that the significance level of ANOVA is less than 0.05 for the purpose of children's future. It means that taking policy for the purpose of children's future varies significantly in regard to area of residence. It can be seen that the preferences of taking policy for the future savings, growth, coverage of risk, income tax benefit and other do not significantly vary in respect of area of residence at three different levels(p>0.05).

MANOVA is similar to ANOVA except that instead of one metric dependent variable, one has two or more. Here, MANOVA is performed to test the null hypothesis that the different levels of area of residence have an impact on the six different preferences (dependent variables) as shown in table 5. The p value is less than 0.05 which indicates that when all the six different preferences for the taking policy are taken together, there is significant difference for areas of residence at three levels. Further, it is understood that all preferences except children's future are found to be higher in semi urban area as against urban and rural areas.

Akin to the above preference of ANOVA and MANOVA for all the six preferences at the three levels of residence, such analyses were made for the rest of the demographic factors, namely, age, educational level, annual income and gender. The following summarised table 6 exhibits test of significance of ANOVA and MANOVA factor rise.

Factor	Preference	ANOVA F	ANOVA Sig.	MANOVA F	MANOVA Sig.
Age (at 4 levels)	Future Saving	1.638	0.180	2.846	0.000
	Growth	2.625	0.045		
	Life risk cover	1.620	0.184		
	Children's future	7.299	0.000		
	Tax benefit	2.777	0.041		
	Other	2.699	0.045		
Education (at 4 levels)	Future Saving	1.457	0.226	3.837	0.000
	Growth	2.442	0.064		
	Risk cover	4.625	0.003		
	Children's future	1.317	0.268		
	Tax benefit	7.699	0.000		
	Other	5.829	0.001		
Gender	Future Saving	6.989	0.009	6.225	0.000
	Growth	16.834	0.000		
	Risk cover	9.391	0.002		
	Children's future	0.154	0.695		
	Tax benefit	20.800	0.000		
	Other	22.526	0.000		
Annual income	Future Saving	2.553	0.055	3.374	0.000
	Growth	2.890	0.035		
	Risk cover	2.960	0.032		
	Children's future	0.944	0.419		
	Tax benefit	10.740	0.000		
	Other	10.529	0.000		

Source: Primary data, Result calculated

From the above analysis, it can be seen that the significance value for the purpose of taking policy for future savings, life risk cover, growth and other do not vary with regard to age of policyholders as this value is higher than or equal to 0.05. However, from the result of MANOVA, it is clear that, the preferences for investing in the policy with reference to age of policyholders vary significantly as the significance level is less than 0.05.

Further, concerning education level the F value for preferences of taking policy for future savings, growth of money, children's future is higher than 0.05; hence these preferences for taking policy do not vary for the factor education at four different levels. However, from the result of MANOVA it is clear that, the preferences taken together for investing in micro insurance vary significantly with regard to policyholder's educational level as the F value is less than 0.05.

ANOVA in table 6 shows the value of F for purpose of investing for growth of money, and for risk cover, tax benefit and others is less than the significance level of 0.05 in respect of annual income. It means these purposes vary significantly in respect of four levels of annual income of policyholders. The result of MANOVA indicates that for all the six different preferences for the tacking policy taken together, there is significant difference in regard to annual income.

For the factor gender, ANOVA indicates F value for all the purposes of investing in micro insurance policy excepting children's future is less than the significance level of 0.05. It means these purposes/ preferences vary significantly for the factor gender of policyholders. The result of MANOVA indicates that for all six different preferences together for taking policy there is significant difference for the factor respondent's gender.

Suggestion & Conclusion

As there is a considerable female labour in the unorganised sector, measures may be taken to attract more females, the lesser educated and people from the lower income groups to micro insurance.

The analysis has brought to light that the preference for holding micro insurance policy varies significantly in respect of area of residence, age, gender, educational level and annual income of policyholders as the significance levels of MANOVA are less than 0.05, as described above. IJ

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Impact on Motor Insurance Business & General Insurance Industry With Regard To Autonomous Car

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Introduction:

We have heard a lot on news channel on new innovations or technological advancement made each passing day. One such technological advancement is Autonomous Cars commonly known as driverless car being developed by manufacturing Company. To name a few Tesla, Google Self-Driving Cars and Uber etc. are at various stages of trails being made on this Self Driving Cars. Well on technological front it is a giant leap for consumers as it is assumed driver less cars will be less pronged to accidents and may be Zero Accident case with more advanced technology that may take place along with other benefits. Through this Article, we will try to highlight the issues that Motor Insurance as a segment and General Insurance Industry may face due to Autonomous Cars.

Meaning of Autonomous Car

Before we move ahead on impact on Motor Insurance and General Insurance Industry as a whole, let us try to understand what exactly we mean by Autonomous Car. An autonomous car also known as a driverless car is a vehicle that is capable of sensing its environment and navigating without human input. Ideally, the only role of a human in such a vehicle would be indicating the destination.

A formal classification[1] system for automated cars has been proposed by the National Highway Traffic Safety Administration:

Level 0: Driver has complete control of vehicle at all times.

Level 1: Some vehicle controls are automated, e.g. automatic braking.

Level 2: Two or more controls can be automated at the same time, e.g. cruise control and lane keeping.

Level 3: The driver can cede control in certain circumstances.

Level 4: Driver not expected to play any part in the driving process at all.

> Gross Premium underwritten by Non-Life Insurers within India upto 31st March 2017 stands at 1, 27,631 Crores. Out of these, Motor Segment contributes 39% of the Gross Premium Underwritten which is 50,245.19 Crores. (Source: IRDA Web Site) One can easily say that Motor Insurance is the largest contributor for General Insurance Company in terms of Premium. With increase in new players coming into foray we can expect this segment to grow substantially continuously beating other line of business.

Snap of Motor Insurance and General Insurance Business

Gross Premium underwritten by Non-Life Insurers within India upto 31st March 2017 stands at 1, 27,631 Crores. Out of these, Motor Segment contributes **39%** of the Gross Premium Underwritten which is **50,245.19** Crores. **(Source: IRDA Web Site)**

One can easily say that Motor Insurance is the largest contributor for General Insurance Company in terms of Premium. With increase in new players coming into foray we can expect this segment to grow substantially continuously beating other line of business.

Why Motor Insurance Segment Contributes so much:

Let's try to understand why Motor insurance beat almost every other Line of Business in terms of premium.

1) Motor Vehicles Act 1988 makes it mandatory for all vehicle to be covered under an appropriate insurance policy before they can ply on road. The minimum requirement in terms of insurance is that a vehicle must at least have a Third Party legal Liability insurance before it can driven on a public road.

   A third-party insurance policy for motor vehicle provides coverage against certain unfortunate events that lead to heavy expenses arising from an accident that led to injuries, damages, or death of a third party. In such a case, insurer is liable to pay for the expenses incurred due to that incident.

2) Fear of bearing huge Litigation cost and damage to Vehicle leads to purchase of Motor Insurance

3) Quest for better life Style and better Purchasing power driving motor sales thereby increasing insurance business leading to growth in Motor Insurance business

Advantage to Autonomous Car:

- There would be no driver and less mistakes on the road
- Accident caused by drunk and drugged drivers would be thing of past
- There would be no need for driver's licenses or driving test
- Self-aware cars would lead to a reduction in car theft
- Sensor technology could potentially perceive the environment better than human senses far ahead, better visibility, early and easy detection of obstacles thereby leading to less accident

All these points will lead to less or no accident and absence of drivers totally over a period of time as technology evolves more rapidly.

Here all stakeholders may have to revisit list of covers that are currently being offered be it under Package Policy or Liability only Policy. Though Liability policy may hold good for more time with a catch explained later.

Below covers will definitely be redundant since Vehicles won't require Drivers.

1) PA to Owner Driver
2) PA to Paid Driver
3) Additional PA Cover to Owner Driver
4) Additional PA Cover to Paid Driver

Once fear of accident vanishes from customer's mind, people may not purchase Motor Insurance. Even government or IRDA may be forced to have a relook on Motor Vehicle act **wherein Liability Policy is compulsory. Upto 31st March 2017, Gross Premium Written for Motor OD and Motor TP stands at 23,724.89 crores & 26,520.30 crores respectively. (As per IRDA Website)**

It would not be incorrect to say that said figures would be in danger if in future autonomous car becomes a reality in near future. Reduction in Premium may definitely have an impact on profitability in Insurance sector and capability to Invest in market. There by impacting health of overall Industry growth. This in turn may to Job Loss across industry especially in Motor Segment.

One important point I would like to draw attention is that, when technology comes into picture, it has its own disadvantages.

1) There is every possibility that technical glitches will be very common feature once autonomous cars kicks in.

2) Security of Autonomous Car i.e. hacking of such cars may be possible and create a havoc on road.

Above two scenarios will be bigger problem than human caused accidents.

One questions that arises in mind is that in the age of driverless car, if due to technical glitches, if there is an accident, damage to Car, Third Party Property, TP Death etc. who will be held accountable since there is no human to drive car. Whether Manufacturing Company will be held accountable for liability that may arise due to same and whether they will be ready to bear same.

It may lead to addition of new covers that insurance company will have to rethink. Rating parameters may be changed thereby having direct link on premium. Will these lead to increase/decrease in Premium drastically time will tell since premium is directly related to claim cost. Claim cost may be higher since more complex machines will be used to ensure accident free. But will it offset lesser frequency of claims that will arise??

One may argue such cars will be a distant dream especially in a country like India where Infrastructure is not upto the mark. Cost of such cars would be very high thereby skipping mass population where budget cars are more popular and high end car for a select few.

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A third-party insurance policy for motor vehicle provides coverage against certain unfortunate events that lead to heavy expenses arising from an accident that led to injuries, damages, or death of a third party. In such a case, insurer is liable to pay for the expenses incurred due to that incident.

With rapid advancement of technology, that day may not be far when we may see driverless cars on road with no accidents. IJ

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[1] https://axleaddict.com/safety/Advantages-and-Disadvantages-of-Driverless-Cars

IRDA Website

Tasar Silkworm and Sericulture Insurance

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Keywords

Sericulture, silkworms, tasar food plants, cocoons, grainage house, rearing activity, rearers, disease free layings, clandestine sale, pebrine, proposal form.

Abstract

India is the only country producing all the four known commercial varieties of silks in the world namely, mulberry, tasar, eri and muga. Sericulture is a labour intensive industry in India with employment generation of about 8 million people per annum. A special project for development of tasar culture started in different districts of West Bengal with financial assistance from central and state government. Central Silk Board closely monitors the implementation. The purpose of sericulture insurance is to indemnify the beneficiaries against death of silkworms due to accident or diseases during the policy period.

Introduction

Where villages are affected with poor health, ignorance, illiteracy, domestic violence, child labour, ill mentality, child marriage and dowry, a step towards silkworms raising may force them to utilize their qualitative time in income generating activities to support the ailing children, poor peasant parents, old people, widow, separated and deserted women.

Tasar culture is one of the primary occupations among the tribals in and around the forest. Rearing of tasar silkworms is conducted in the forest. In India there are about 11 million hectre of tasar food plants in dense tropical forest in Madhya Pradesh, Andhra Pradesh, Chhattisgarh, Bihar, Jharkhand, West Bengal, Orissa and out of them only 5% are utilised for tasar culture. The main tasar food plants include *Terminalia arjuna* (Arjun) and *Terminalia tomentosa* (Asan). To develop the tasar silk industry tasar culture is to be utilised vastly and systematically. Rapid and continuous destruction of tropical forest is a big challenge in this industry. Tasar culture is being practiced by tribals in the natural forest areas near to the dwellings. Enough density of *Terminalia arjuna* (Arjun) and *Terminalia tomentosa* (Asan) trees are not available in the deep forest. So tasar silk worms may not be reared there profitably. It is necessary to improve the quality and quantity of tasar food plants. Quality of leaves is also very important here. So a full green tree in the natural forest is most suitable. Now a days with the improvement of science and technology and by taking previous experience tasar culture has become simple but yet to take an impression among all. It is the duty of the concerned government and private sector employees related with the industry to make the concerned primary participants in tasar silk production to update with the new technology and educate them.

Tasar Rearing Process

Tasar silk rearing process is on the trees grown on uncultivated wasteland. In tasar culture the silkworms are reared outdoors on the trees of proper height and shape. As in rearing of larva the most important thing is the leaf so the trees are reared in such a way that they should produce more of quality leaf. Yellow, brownish, dry, brittle, fungal affected leaves are unsuitable for rearing. So they are removed from the trees. The total cost of plantation and maintenance is very less. Tasar culture is managed by labourer family as this is considered as an employment. Leaf loss may be considered as a big problem as this means less amount of food for the larva.

The process of rearing comprises of four production stages. These are: seed, cocoon, yarn and fabric. The rearing process includes: (i) incubation care to eggs, (ii) transferring neonate larvae, (iii) feeding and protection of young larvae, (iv) harvesting of cocoons and handling of spinning worms.

The process of transportation & hatching of eggs is done very carefully. The eggs are saved from direct sunlight, water, fumes and severity of climate. Humidity associated with high temperature increases the chance of disease. The infected larvae losses its brightness and becomes sluggish with reduced feeding. The infected one becomes long, soft and thin and it does not respond to external stimuli.

Cocoons serve as the basic material for tasar industry and hence the importance of rearing. Good cocoons are taken to the grainage house for seed rising and sun dried if it is used commercially. Care should be taken not to make any defective and un-reelable cocoons. Tasar rearing activity also provides household fuel and the grass underneath provide enough fodder to the livestock. This activity also helps indirectly to conserve the soil and control water level underneath the soil.

Sericulture Insurance

The insurance covers death of silkworms due to accident or diseases during the policy period subject to the terms, conditions, warranties, endorsements and exclusions of the policy. The insurance coverage is provided to disease free laying (DFLs) supplied by the Central or State Government silk board. The policy starts from the date the farmers purchase eggs and upto the period of disposing of cocoons in the market.

(The following is a report received from the Centre for Women's Development Studies, Head Office at New Delhi, Field Office at Khatra, Bankura, West Bengal)

As of June 2017, more than 50 village level groups, "Nari Vikash Sangha" and "Nari Kalyan Samitis" with membership of around 5000 women exist in various parts of Bankura, Purulia and Paschim Medinipur districts of West Bengal. They own nearly 700 acres of wasteland on which more than 1.6 million trees have been planted for tasar silk rearing which provides them employment for nearly 5 months per year.

Information Required in the Proposal Form

Before considering the proposal the insurer needs to have the following information from the insured:

1. Name and address of the rearer
2. Location of the rearing house and the area of plantation
3. Breed of silk worm
4. Identification of silk worm
5. Total no. of layings
6. Date of purchase and source of purchase of DFLs
7. Date of hatching
8. Expected date of cocoon disposal
9. Price of DFLs

10. Arrangement of security
11. Loss history during the past three years
12. What precautions are taken against pests and diseases
13. Whether the project is from central/ state subsidiary scheme or not.
14. If bank and any financing agency is interested in the project.

Care & Maintenance

1. The beneficiary shall at all times exercise reasonable care and diligence in the selection of labour to maintain silkworms.
2. The waste leaf, dead worms, waste materials should be removed from the premises.
3. All required management practices should be followed in respect of rearing premises, equipments, and accessories.
4. Appropriate rearing method to be adopted during the rearing of young silkworms.
5. Proper precaution is taken during spinning cocoon to pick the larvae in correct time.
6. It is to be checked regularly whether silk worms are free from diseases, defects, epidemics, parasitical attacks or not.
7. Adequate hygienic condition in the rearing place should be maintained.
8. Proper atmospheric conditions to be maintained.
9. Handling of worms to be done effectively.
10. Adequate space/ rearing material should be maintained.
11. Cross contamination of disease should be avoided.
12. The silkworms should be reared with all specific techniques.
13. Larvae should be examined during different stages.
14. The rearer has to follow all the instructions given by the department from time to time.
15. On occurrence of any disease immediate steps shall be taken to avoid further spreading of diseases.
16. Weekly/fortnightly silkworm crop progress report to be submitted regularly to ascertain the stage of the worms, health of the larvae, survival percentage. Proper remarks should be mentioned against reasons for mortality.
17. The beneficiaries shall maintain the rearing card, log sheet, rearer pass book.
18. The insured should preserve all records regarding distribution of DFLs.
19. In the event of any attack of disease or pests or calamities which may cause loss, the insurer should be intimated immediately.

PA Coverage

The Tasar silk worm rearers / farmers are prone to different accidental hazards due to their working culture in the remote forest areas. Many incidences of snake bite, falling from trees, strike by lightning during the rearing process or allied activities are reported in the past. So they need to be protected through personal lines accident insurance coverage. Personal accident policy covers accidental death, accidental bodily injuries, permanent partial disablement, permanent total disablement or temporary disablement, loss of limbs, loss of eyes. Accidental bodily injury is solely and directly caused by external, violent and visible means. The reimbursement of hospitalization expenses may also be extended to the beneficiaries upon specific demand. Beneficiaries are the farmers who are rearing silkworms, they are called sericulturists. It can be extended to the family members of the beneficiaries. The beneficiaries may opt for family package policy (when the policy comprises the insured and spouse, dependent children and dependent parents) or long term policy (which may be extended beyond 12 months and upto 5 years). Family package discount or long term discount may be available at that time. The insured has to select an agreed sum insured limit and which cannot be altered during the currency of the policy.

Exceptions

1. Malicious, willful, negligent act
2. Theft, clandestine sale
3. Loss due to **pebrine** (a disease of silkworms caused by protozoan)
4. War, nuclear perils
5. Loss due to ants, rodents, lizards, birds, squirrels, beetles
6. Diseases contracted by the silkworms prior to commencement of risk.
7. Consequential loss of any kind
8. Transferring by any media
9. Timely preventive and control measures are not taken
10. Rearing of eggs which are not free from diseases.
11. Claims can be entertained only once for a particular crop.
12. Partial loss can be determined only after sale of cocoons.
13. Loss due to terrorism act
14. PA coverage to drug addicts or alcoholics.

State Wise Silk Production during 2014-15

State	Mulberry (MT)	Tasar (MT)	Eri (MT)	Muga (MT)	Total (MT)
Andhra Pradesh	6485				6485
Arunachal Pradesh	1		10	1	12
Assam	31		3055	136	3222
Bihar	12	33	8		53
Chattisgarh	8	225			234
Haryana	0.3				0.3
Himachal Pradesh	30				30
Jammu & Kashmir	138				138
Jharkhand	3	1943			1946
Karnataka	9645				9645
Kerala	7				7
Madhya Pradesh	187	59	1.5		248
Maharashtra	202	19			221
Manipur	150	4	361	1	516
Meghalaya	17		622	16	656
Mizoram	40	0.02	10	0.1	50
Nagaland	6	0.1	610	3	619
Odisha	3	88	7		98
Punjab	4				4
Sikkim	5		3	0.17	8
Tamil Nadu	1602				1602
Telangana	100	0.26			101
Tripura	48				48
Uttar Pradesh	186	18	32		236
Uttarakhand	29	0.02	0.23		29
West Bengal	2450	43	6	0.27	2499
Grand Total	**21389**	**2434**	**4726**	**158**	**28708**

The Organizational Offices of Central Silk Board is given below:

Zone	Regional cum Zonal Office	States Covered
RO Delhi	Northern Zone	Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttarakhand, Jammu and Kashmir, Uttar Pradesh
RO Kolkata	Eastern Zone	West Bengal, Odisha, Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand
RO Chennai	Southern Zone	Tamil Nadu, Maharashtra, Gujarat, Karnataka, Kerala, Andhra Pradesh, Telangana
RO Guwahati	North Eastern Zone	Eight North Eastern States

Conclusion:

Tasar culture is related to textile industry. The main purpose of tasar culture is to produce textile fabrics from the cocoons produced by the tasar silkworms with the use of latest technological operations. The quality of the silk depends on the quality of the cocoons. Tasar rearers have to take a lot of difficulties regarding tasar silkworm seed rearing, arrangement of their proper feeding, and prevention against different diseases, pests and predators.

This is a field based project activity. Women's groups where every members are inclined towards both traditional and non traditional economic activities are founded in remote pockets to promote the concept of sericulture. Now a days different non government organizations, members of Indian Council of Social Science Research and women self help groups at regional level are taking interest in sericulture and sericulture insurance. Help from different labour organizations makes the project fruitful. A major programme of development of Tasar culture through these women groups are implemented with the technical and financial support of the United Nations Development Programme and the Central Silk Board. The project becomes internationally familiar with the assistance of World Bank, IMF, European Union. With the increase of the concept of sericulture the need for insurance will be raised.

References

Study material from Central Tasar Research and Training Institute (Govt. of India, Ministry of textiles), Annual report of Central Silk Board

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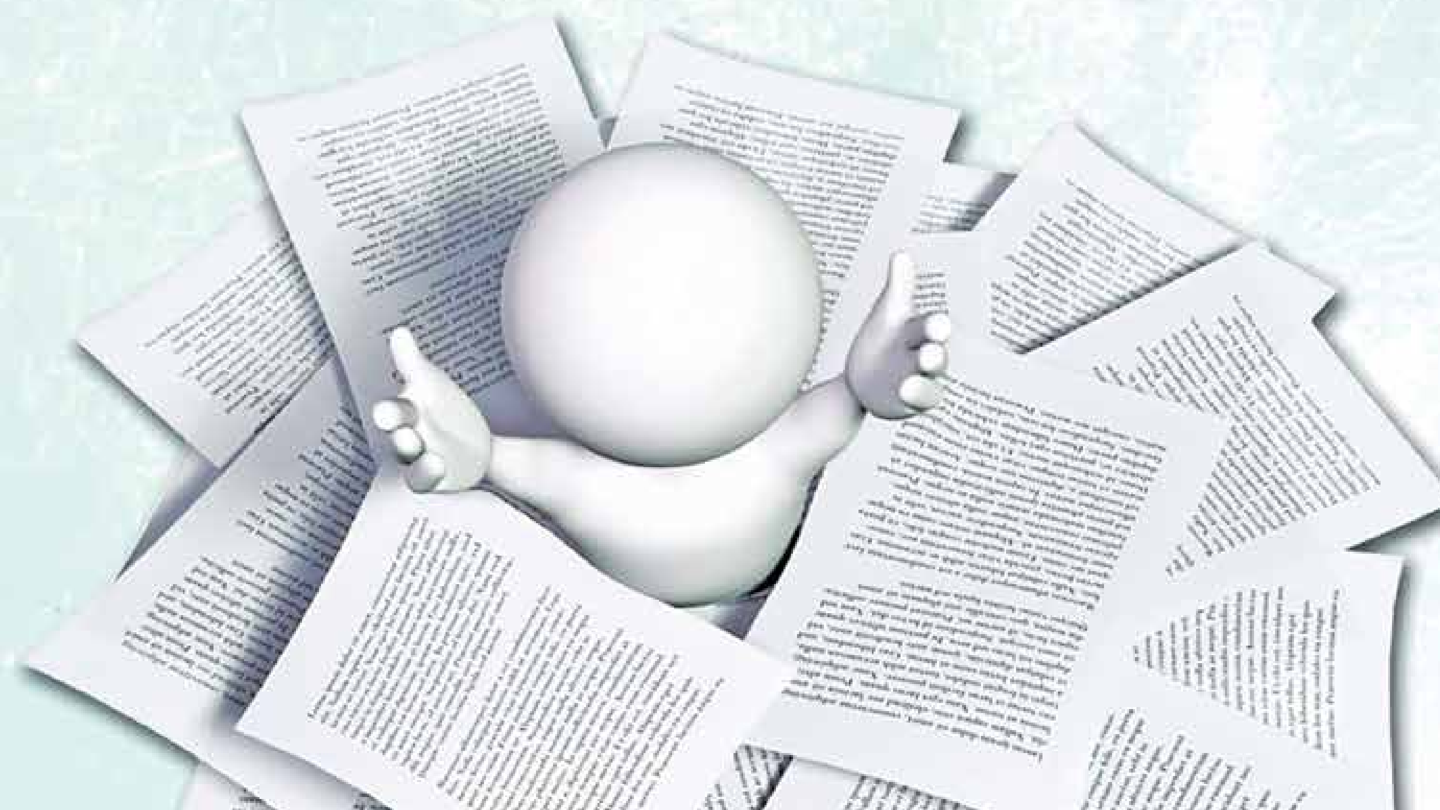

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   iii. Line spacing: Double
   iv. Font size: Title-14, Sub-titles–12, Body- 11 Normal, Diagrams/ Tables/Charts– 11 or 10.

3. The first page of the Manuscript should contain the following information: (i) Title of the paper; (ii) The name(s) and institutional affiliation(s) of the Author(s); (iii) email address for correspondence. Other details for correspondence such as full postal address, telephone and fax number of the corresponding author must be clearly indicated. The category of submission should be specified either as a research paper, article, review, case study etc.

Point no. 4, 5, 6 and 7 are applicable only for articles, case studies and research papers.

4. **Abstract:** A concise abstract of maximum 150 words is required. The abstract should adequately highlight the key aspects or state the objectives, methodology and the results/major conclusions of analysis. The abstract should include only text.

5. **Keywords:** Immediately after the abstract, provide around 3-6 keywords or phrases.

6. **Tables and Figures:** Diagrams, Tables and Charts cited in the text must be serially numbered and source of the same should be mentioned clearly wherever necessary. All such tables and figures should be titled accurately and all titles should be placed on the top after the number. Example: Table 1: Growth Rate of Insurance Premium in India (1997-2010).

7. **References:** all the referred material (including those from authors own publication) in the text must be appropriately cited. All references must be listed in alphabetical order and sorted chronologically and must be placed at the end of the manuscript. The authors are advised to follow American Psychological Association (APA) style in referencing.

   Reference to a Book: Author. (Year). *Title of book*. Location: Publisher.

   Example: Rogers, C. R. (1961). *On becoming a person*. Boston: Houghton Mifflin.

   Reference to a Journal Publication: Author(s). (Year). Title of the article/ paper. *Journal name*, volume (issue), page number(s).

   Example: Smith, L. V. (2000). Referencing articles in *APA format*. *APA Format Weekly, 34(1)*, 4-10.

   Reference to a Web Source: Author. (Date published if available; n.d.--no date-- if not). Title of article. *Title of web site*. Retrieved date. From URL.

   Example: Landsberger, J. (n.d.). Citing Websites. In *Study Guides and Strategies*. Retrieved May 13, 2005, from http://www.studygs.net/ citation.htm.

8. Usage of abbreviations in the text should be avoided as far as possible and if used should be appropriately expanded.

9. The papers and articles submitted must be original work and it should not have been published or submitted for publication elsewhere. The author(s) are required to submit a declaration to this extent in the format specified in Appendix 1, while submitting their articles.

10. All the submissions would be first evaluated by the editor and then by the editorial Committee. Editorial committee may require the author to revise the manuscript as per the guidelines and policy of the Journal. The final draft is subject to editorial changes to suit the journals requirements. Editorial Committee also reserves its right to refer the article for review/ delete objectionable content/ edit without changing the main idea/ make language corrections/ not to publish/ publish with caveats as per its discretion. The Author would be duly communicated with such decisions.

11. Contribution(s) should reach the designated email address at III on or before 30th November (January issue), 28th February (April issue), 31st May (July issue) and 31st August (October issue).

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Specific Guidelines for Book Reviews:

1. The book review should be of a book published in recent years (current year or previous year).

2. The review should not be more than 2000 words; word limit can be more/less depending on the scope of the book.

3. The reviewer should clearly mention the details of the book reviewed such as Title, Author(s) name, publishers detail, year of publication, place of publication, number of pages and listed price as mentioned on the cover page of the book. If the ISBN number is provided, it should be specified. Beside the above, the components of the book review should be brief summary of the intended objective/ purpose, description of the approach, logical and objective evaluation.

4. The references should be kept to the minimum or completely avoided in a book review.

5. Avoid replicating tables and figures from the book, or directly quoting from the book.

6. The review should not be just a summary of the book, but it should bring out the essence of the book and focus on the objective, theme, scope of coverage, etc. The book review should put forward an objective and fair opinion about the significance, strengths and weaknesses. The review should be about the books contribution to the subject rather than what the reviewer feels about the book.

7. The reviewer should try to make the review insightful and informative.

Specific Guidelines for Case Studies:

1. Cases usually describe complex issues and readers are forced to take optimum decisions/action in a dilemmatic situation. Cases are meant to create challenges of decision making in the mind of readers regarding conflicting situations, insufficient information, dynamic environment and the like.

2. The authors of the case studies can take organization specific or industry specific issues and present the facts of the case in a logical way.

3. The case study should be well documented and well researched and must be realistic in its context and relevance.

4. Sufficient data (primary or secondary) should be incorporated within a case study for discussion and generating alternative solutions and identifying the best possible alternative. Prior approval for disclosure of information (company specific) must be taken by the author wherever applicable.

5. The issues that are raised in the case should be focused and must be effectively presented without any ambiguity or contradictions.

6. All the referenced material should be adequately and accurately cited at the end of the case.

7. Discussion questions can be provided at the end of case (optional).

Appendix I

Declaration by the Authors

I/We (Full Name of the Author(s))..

..., hereby declare that I/We are the author(s) of the paper titled

"..."

(Title of the paper), which is our original work and not the intellectual property of any one else. I/we further declare that this paper has been submitted only to the Journal of the Insurance Institute of India and that it has not been previously published nor submitted for publication elsewhere. I/we have duly acknowledged and referenced all the sources used for this paper. I/we further authorize the editors to make necessary changes in this paper to make it suitable for publication.

I/we undertake to accept full responsibility for any misstatement regarding ownership of this article.

....	**..............................**
(Signature Author I)	**(Signature Author II)**
Name:	**Name:**

Date:

Place:

PROGRAM CALENDAR FOR THE PERIOD 2018-2019

TRAINING PROGRAMS

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
April 2018							
1	CP	C1	Compliance Governance and Risk Management in Insurance	16-18 April, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive Program for those registered for the Insurance Regulatory Compliance Governance Course.
2	CP	L1	Onward to MDRT - Building Sales Champions	23-24 April, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	High performing agents of Life Insurance Companies being groomed for membership to the MDRT
3	CP	B1	Bancassurance	23-24 April, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers / Executives dealing with Bancassurance in insurance companies and banks.
May 2018							
4	CP	L2	Underwriting Management : Life	2-3 May, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Underwriting Managers and Executives in Life Insurance Companies
5	CP	L3	Business Development Managers : Life	7-8 May, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Business Development Managers of Life insurance Companies.
6	CP	G1	Motor Insurance Fraud	14-15 May, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in Motor, Audit, Fraud control departments, Brokers, Surveyors or Investigator are also welcome.
7	CP	G2	Agriculture Insurance	21-22 May, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Professionals in insurance companies, Brokers / Surveyors having 2 years exposure to agriculture / rural insurance

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
8	CP	G3	Health Medical Management including Fraud Control	21-23 May, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Executives working in the claims departments of health insurers and TPA. Also Associates / Fellows and others having a fair awareness about health insurance.
June 2018							
9	CP	G4	Aviation Insurance	4-6 June, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Executives working in the Aviation department of General Insurance Companies / Brokers / Surveyors.
10	CP	G5	Engineering Project Claims	11-12 June, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials / Brokers / Surveyors / Customers having awareness about Project Insurance basics.
11	IP	G6	International Program -Reinsurance Management	18-23 June, 2018	$ 600 USD		International Participants- Executives working in General Insurance Companies in Re-insurance, Underwriting and claims
12	CP	G7	Appreciation Program on Liability Lines	25-26 June, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior and Middle Level Executives dealing with Liability Insurance
July 2018							
13	CP	G8	Motor Insurance Liability Workshop	2- 3 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior and Middle Executives working for Insurance companies, Broking firms and Surveyors.
14	CP	L4	Marketing Strategies – for Branch and other Marketing Unit Heads : Life	2-3 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Branch Managers / Marketing Unit heads with 2-3 years experience
15	CP	B2	Bancassurance for Bankers : Life	9-10 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers / Executives dealing with Bancassurance in Banks
16	CP	G9	Health Insurance	9-11 July, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives of Third Party Administrators, Insurance Companies, Broking Firms and Hospitals.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
17	CP	G10	Marine Cargo Insurance	16-19 July, 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Junior and middle level Executives dealing with Marine Cargo from Insurance Companies, Brokers, Surveyors and Customers
18	CP	C2	Certified Insurance Anti Fraud Professionals	19-21 July, 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive program for those registered for certified Insurance Anti-Fruad professionals course.
19	CP	G11	Claims Management of Property Insurance	23-24 July, 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Middle Level Executives of General Insurance Companies
20	CP	G12	Rural and Micro Insurance	30 July - 01 Aug., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance Executives looking after Rural and Micro Insurance in General Insurance Companies, Brokers, communities, reinsurers and banks.
August 2018							
21	IP	G13	Excellence in Insurance - Technical	30 Jul - 11 Aug, 2018	$ 1200 USD	-	Junior and Middle level executives of the International Insurance Industry
22	CP	G14	Liability Insurance Focus - Cyber Crime	20-21 Aug., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Practitioners from Insurance Companies, Brokers, Customers, the Information Technology industry and related areas.
23	CP	S1	Technical Aspects of Various Fire Protection Systems	20-21 Aug., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in risk management inspection as Underwriting / Brokers, Surveyors and Customers.
24	CP	G15	Mega Risk Insurance	27-29 Aug., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance Executives looking after Property / Engineering in Insurance Companies, Brokers, reinsurers, Surveyors and Customers.
September 2018							
25	CP	G16	Motor Insurance Fraud	4-5 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance officials working in Motor, Audit and Fraud control departments with a fair awareness of motor insurance.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
26	CP	G17	Actuarial Science for Non-Life Insurance	4-6 Sept., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives of General Insurance Companies, Broking firms, III Associates / Fellows.
27	CP	S2	One Day Technical Worksop On The Subject Of Renewable Energy	08 Sept., 2018	₹ 4300+ G.S.T.	₹ 3100+ G.S.T.	Executives in General Insurance companies / Brokers / Customers having some awareness about the subject.
28	CP	G18	Management of Property Insurance - Fire (Underwriting)	10-11 Sept., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies
29	CP	G19	Marine Hull Insurance	24-27 Sept., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Middle Level Executives working in the marine hull departments of Insurance companies / Brokers / Loss Adjuster / Customers.
October 2018							
30	CP	B3	Bancassurance for Life Insurers	3-4 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Managers/ Executives dealing with Bancassurance in Life insurance companies and banks
31	CP	G20	Reinsurance Treaty issues and Challenges (Focus - Reinsurance treaty designing)	08-10 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Participants are expected to have exposure to Reinsurance related areas
32	CP	G21	Liability Insurance Focus - Financial Lines	15-16 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level executives of Insurance Companies, Brokers, Surveyors, Customers.
33	CP	S3	Advanced Workshop on Oil and Energy	22-24 Oct., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters, Attorneys, and professionals from the oil and gas sector, drilling contractors/ companies.
34	IP	L5	International Life Insurance Program	22-27 Oct., 2018	$ 600 USD	-	Middle Level officials of Life Insurance Companies / Brokers.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
35	CP	S4	Risk Assessment in Chemical Industries	29-30 Oct., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Insurance buyers, Risk Managers, Agents, Brokers, Underwriters, Adjusters and Professionals from Chemical Manufacturing Industry
November 2018							
36	CP	G22	Risk Management and PML - Significance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Managers working for General Insurance Companies and Brokers in U/W and Risk Assessment
37	CP	C3	Compliance Governance and Risk Management in Insurance	12-14 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive Program for those registered for the Insurance Regulatory Compliance Governance course.
38	CP	G23	Handling of Marine Cargo Claims	19- 20 Nov., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior & Middle Level Executives from Insurance Companies, Brokers, Surveyors and Customers.
39	CP	G24	Management of Property Insurance - Engineering Project (Underwriting)	26-28 Nov., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Middle Level Executives from the underwriting department of Insurance Companies Brokers / Customers.
40	CP	G25	Motor Insurance (Own Damage) Workshop	26-29 Nov., 2018	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Executives from Insurance Companies, Broking firms and Surveyors dealing with Motor Insurance.
41	IP	G26	International General Insurance Program	26 Nov. - 08 Dec., 2018	$ 1200 USD	-	Middle level officials of General Insurance Companies / Broking firms.
42	CP	S5	Two Days Workshop On The Insurance Needs Of Construction Industry	30 Nov. - 01 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Officials working in General Insurance company, intermediaries Bankers & Professionals from construction industry.

SR No	CODE	SUB CODE	PROGRAM	DATE FROM-TO	FEES FOR RESIDENTS	FEES FOR NON-RESIDENTS	DESIGNED FOR
December 2018							
43	CP	G27	Engineering Claims (Non-Project)	3-4 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior / Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers.
44	CP	G28	Business Interruption	10-11 Dec., 2018	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers and Buyers of Business interruption policies.
45	CP	L6	Advanced Program for Young Leaders : Life	17-21 Dec., 2018	₹ 21500 + G.S.T.	₹ 15500 + G.S.T.	Young Managers / Executives Life Insurance Companies.
46	CP	C4	Certified Insurance Anti Fraud Professionals	20-22 Dec., 2018	₹ 12900 + G.S.T.	₹ 9300 + G.S.T.	Exclusive program for those registered for Certified Insurance Anti-Fruad professionals course.
January 2019							
47	CP	G29	Marine Cargo Insurance	7-10 Jan., 2019	₹ 17200 + G.S.T.	₹ 12400 + G.S.T.	Junior and Middle Level Executives dealing with Marine Cargo Insurance Companies, Brokers and Surveyors.
48	CP	G30	Claims Management of Property Insurance	14-15 Jan., 2019	₹ 8600 + G.S.T.	₹ 6200 + G.S.T.	Junior Middle Level Executives of General Insurance Companies / Brokers / Surveyors / Customers
February 2019							
49	IP	G31	Excellence in Insurance - Technical	04-16 Feb, 2019	$ 1200 USD	-	Junior and Middle level executives of the International Insurance Industry

NB :- Fees quoted are exclusive of mandatory Goods Services Taxes, which will be payble over and above Tuition Fees mentioned in each Program.

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RNI No. MAHENG/2013/50733
ISSN No. 2278-6759

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